



Monetizing fan engagement in the digital era

Whitepaper

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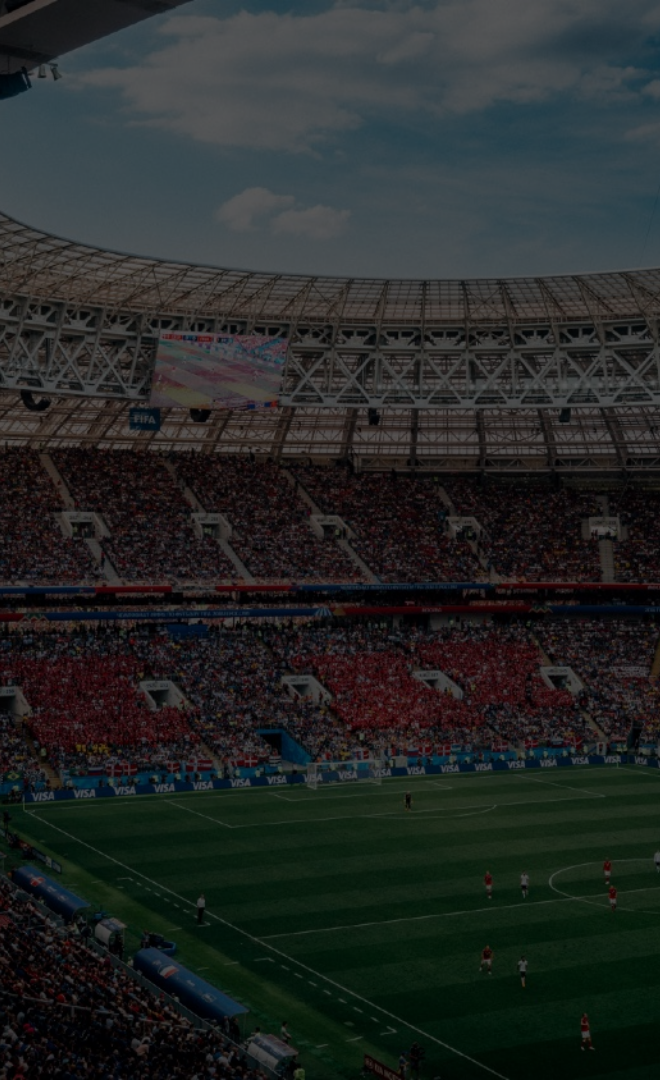


Monetizing fan engagement in the digital era

Chapter 1

A wide-angle, high-angle shot of a massive sports stadium filled with spectators. The stands are packed with fans, and the field is visible in the lower right. A large electronic scoreboard is visible in the background, displaying various statistics and advertisements. The scene is dimly lit, suggesting an evening or night event.

The sports industry has become rife with a fresh influx of buzzwords and phrases in recent times, but ‘fan engagement’ is a ubiquitous, box-ticking term that has been at the heart of sports marketing for many years.



While the concept of fan engagement is nothing new, the emergence of digital technologies and the way supporters interact with their mobile devices means that **there are now countless ways for sports properties to reap the rewards of building positive, direct relationships with their global fanbases.**

In doing so, sports properties are accessing richer data sets which not only help them to better understand their fans, but can also be relayed to sponsors who are now far more interested in putting their name to a piece of likeable, shareable content rather than a static pitchside billboard.

A person is seen from the back, wearing large headphones and looking at a computer monitor. The monitor displays a video or image of a person. The scene is dimly lit, with the primary light source being the screen. The text is overlaid on the left side of the image.

These advances in technology and connectivity mean that sports fans are better served than ever before, but they are also more demanding.

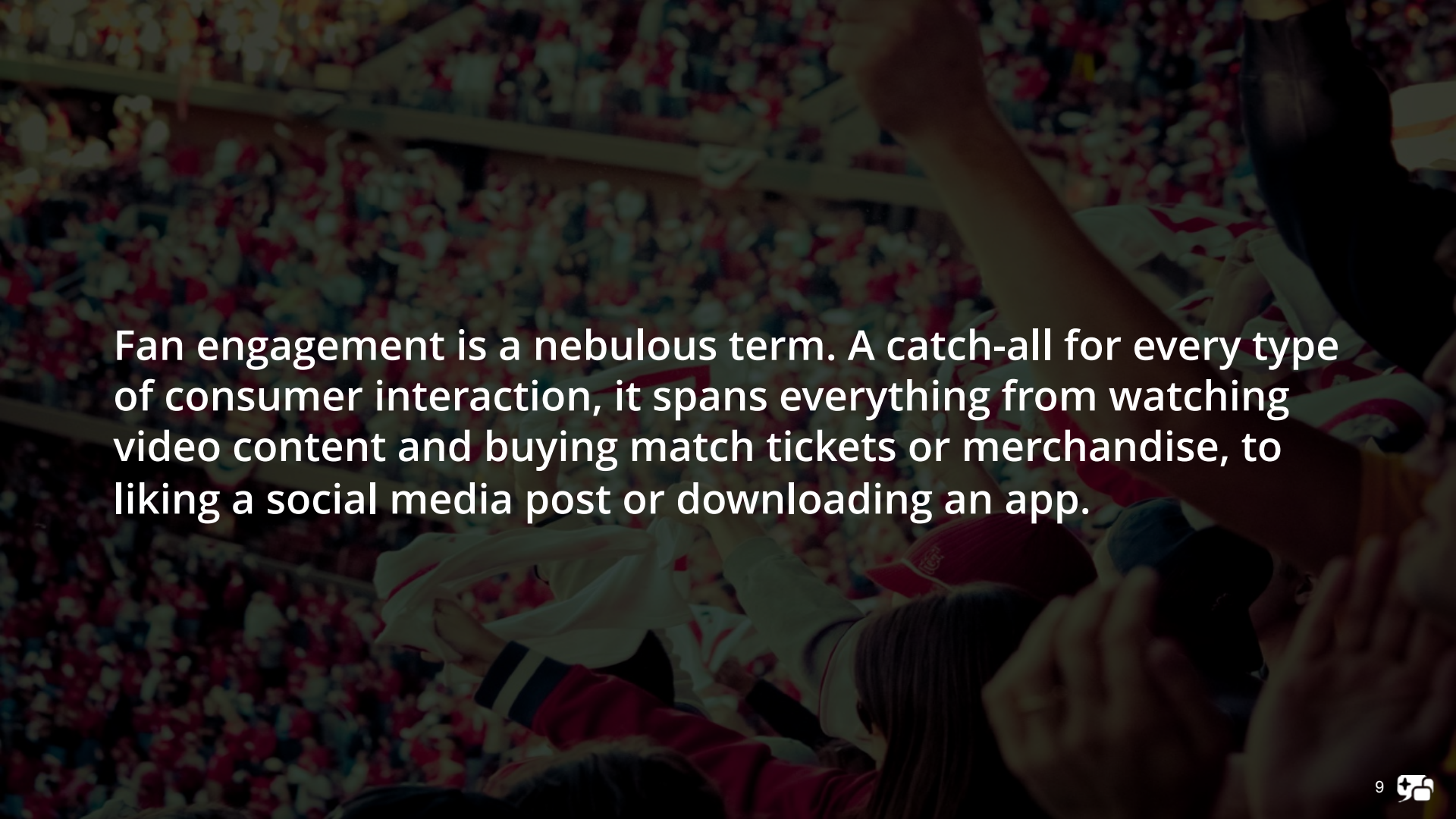


The modern fan wants snackable content that is available to them around the clock on every device, and if one sports property isn't able to provide that to them, it's becoming increasingly likely that there will be another that can.

The time has therefore come for sports entities to exploit the value of the content assets on which they sit in order to create a fan engagement strategy that is fit for the digital era.

What is meant by the term 'fan engagement'?

Chapter 2



Fan engagement is a nebulous term. A catch-all for every type of consumer interaction, it spans everything from watching video content and buying match tickets or merchandise, to liking a social media post or downloading an app.



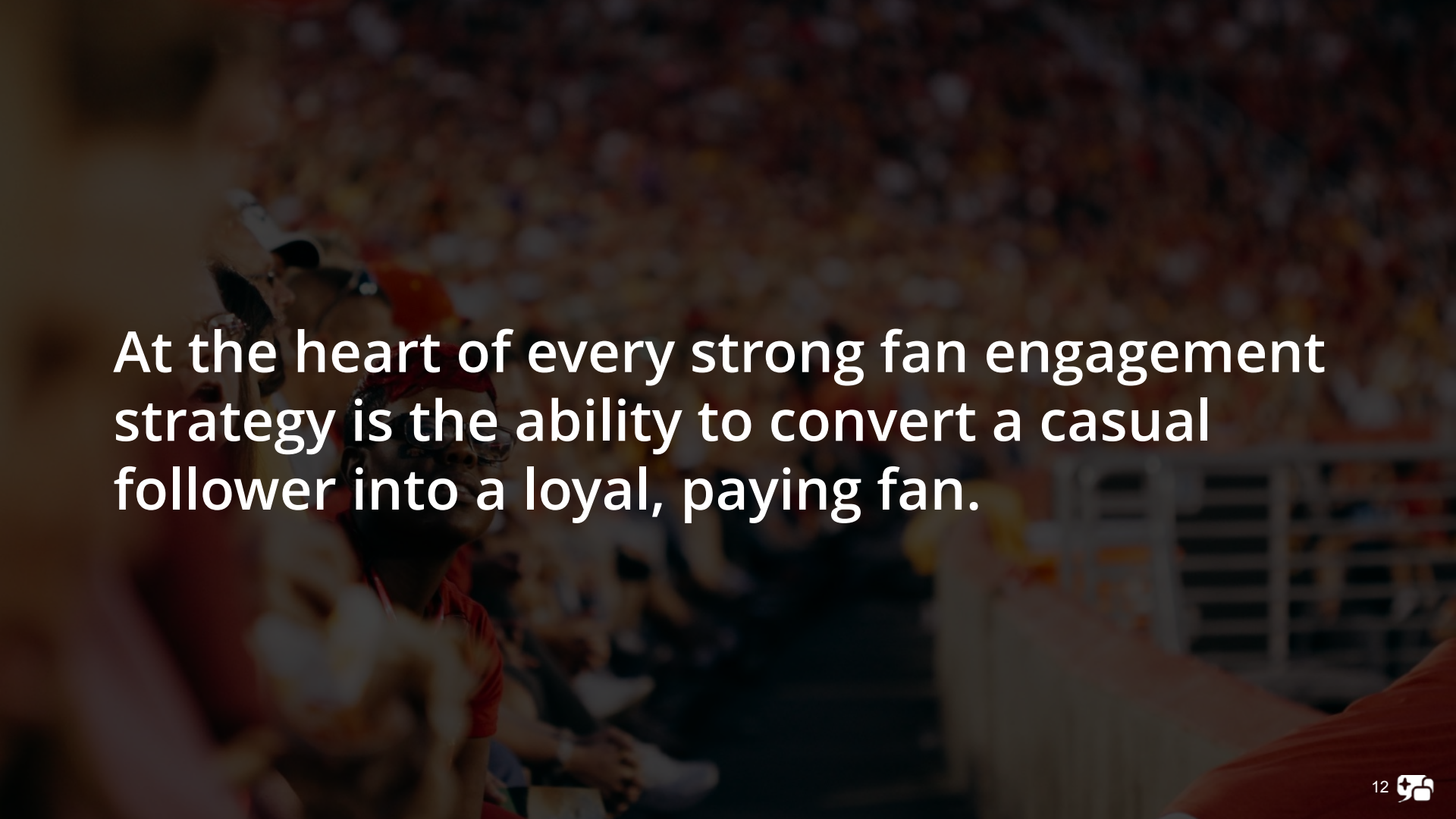
Yet despite its ambiguity, **fan engagement has become one of the top measures by which sports properties**, and especially their digital services, are judged.

While consumer interaction comes in many forms, it is generally accepted that increased engagement escalates brand value. But in order for value to be derived from engagement, it needs to be monetized through measurable commercial mechanisms that demonstrate return on investment (ROI).



Converting followers into paying fans

Chapter 3



At the heart of every strong fan engagement strategy is the ability to convert a casual follower into a loyal, paying fan.



Completing that transition isn't always straightforward, but digital has at least broken down the geographical barriers between sports organisations and their fanbases, making it easier for them to monetize engagement beyond local supporters in their domestic market.

According to Masayuki Yoshida's deep-dive into the conceptualization and measurement of fan engagement, the relationship between club and fan has **three levels of expression and manifestation: non-transactional behaviors, transactional behaviors, and long-term relationships.**



At the non-transactional stage, potential fans will develop an initial understanding about a sport or team through things like word of mouth, social interaction, and the sharing of results. At this stage, when the individual has no direct connection to a sports property, it is crucial to have a far-reaching, high-quality digital offering in order to grab their attention and push them along the chain.

Once a fan is engaging with a sport or club on a regular basis, they will begin to display transactional behaviors. This can be anything from watching games on TV to purchasing tickets and merchandise, but the most important thing is that their engagement can now be monetized.



At this stage, there is an opportunity to roll out additional offerings that encourage fans to converge in one place, such as a match centre or exclusive premium content hub which offers them something of value.

Finally, **fan engagement breeds the opportunity to build long-term relationships that ultimately contribute to the value and longevity of a sports property.** At this stage the fan has developed an emotional attachment to a sport, team or brand, and the challenge becomes to retain them through promotional initiatives such as loyalty programs and rewards offerings.



Means of monetization

Chapter 4

A person wearing a grey baseball cap and a dark t-shirt is sitting on a dark metal bench. They are looking down at a smartphone held in their hands. The background is dark and out of focus, with some greenish-blue light streaks. The text is overlaid on the left side of the image.

If fan engagement comes in many forms,
so do the means through which it is
monetized.



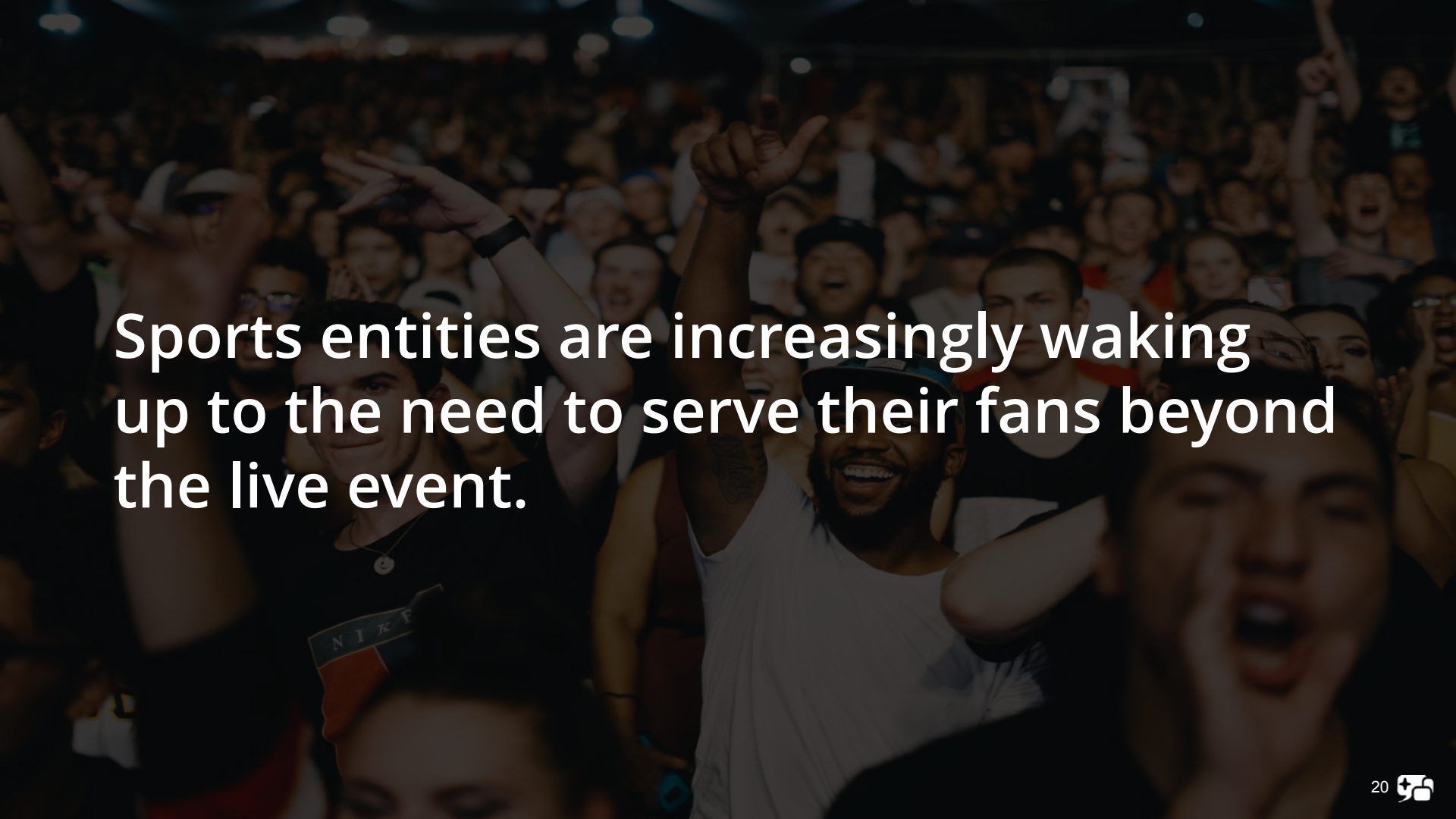
When it comes to generating revenue directly from an engaged audience, **it is important to create opportunities and assets to monetize at every stage of the consumer journey.**

Digital platforms offer many ways to make money from fan engagement, the most common of which are ecommerce, sponsor placement and subscription video content. As it relates to the latter, there are multiple accepted business models, including subscription video-on-demand (SVOD), ad-supported video-on-demand (AVOD) and transactional video-on-demand (TVOD), such as pay-per-view (PPV), or a mixture of all three.

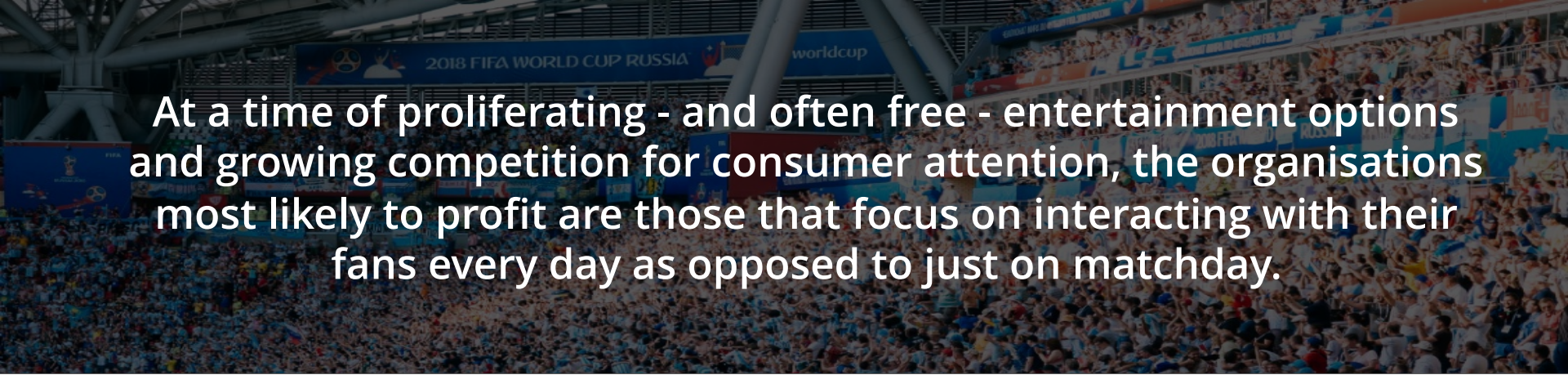


Meeting fans in the right place, at the right time

Chapter 5



Sports entities are increasingly waking up to the need to serve their fans beyond the live event.



At a time of proliferating - and often free - entertainment options and growing competition for consumer attention, the organisations most likely to profit are those that focus on interacting with their fans every day as opposed to just on matchday.

A 2016 study from sports business strategists Geoff Wilson and David Fowler defines four key areas where sports organisations should be looking to engage with their fans both inside and outside the stadium during matchdays and non-matchdays:

- **Host fans** at your stadium on non-matchdays.
- **Connect fans** not at the stadium on non-matchdays.
- **Enhance the live experience** for spectators on matchdays.
- **Bring fans closer to the live action** when they are not at the stadium.

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Connect fans not at the stadium on non-matchdays.



Enhance the live experience for spectators on matchdays.



Bring fans closer to the live action when they are not at the stadium.



Each of these areas comprises various approaches. In the first category, for example, German soccer champions FC Bayern Munich have rolled out an augmented reality experience which allows fans to bring murals at the team's Allianz Arena to life when they are visiting for a stadium tour. Meanwhile, in the second, one could point to English soccer side Manchester United's plans to open entertainment centres in Beijing, Shanghai and Shenyang to better engage with fans in China.



Then, from a live experience perspective, various franchises such as Major League Baseball's (MLB) Seattle Mariners and Tampa Bay Rays are now rolling out cashless payment systems at their ballparks to help reduce queuing times. Finally, when it comes to bringing fans closer to the live action, more sports are using social viewing options. Formula E's FanBoost, for example, enables fans to vote for their favorite driver either through the series' website or official social media platforms. The three most popular drivers then benefit from a temporary boost in power in each race.

Previously, sports organisations have only had to get to grips with the task of improving the experience for spectators at the stadium during matches, but this model demonstrates that there are now numerous places sports organisations can meet their fans, meaning **a holistic approach that combines physical and digital experiences is required.**



While the live experience is still at the core of every sports property's business, **they should now be taking advantage of their digital assets to serve both avid and casual fans.** The lifecycle of a soccer match, for example, no longer starts at kick-off and ends at the final whistle. Soccer-focused digital media company Copa90's 'Modern Football Fan' report found that 50 percent of fans start looking for content related to an upcoming fixture one to three days before the game, and 29 percent seek out content a day after the game.



A team like Liverpool, therefore, can spend 48 hours in the build-up to a match against rivals Everton sharing archive content from previous fixtures, press conference interviews and training footage. On matchday, Liverpool are able to post tunnel camera feeds and behind-the-scenes footage as part of the build-up, which can then be repurposed and shared as longer form content in the days after the game, along with highlights, post-match interviews and other programming.

It is those properties – the ones that **meet their fans beyond the live event as well as during it** – that are more likely to garner a highly engaged audience in the digital era.



Bayern Munich augmented reality experience

Case Study A

Bayern Munich

Last year, Bundesliga champions Bayern Munich launched an augmented reality experience on their official app. The function, which can only be used at the club's stadium on matchdays or during tours, allows fans to bring murals at the Allianz Arena to life by pointing their smartphone in the direction of the venue's walls, subsequently activating a video clip of the historic moment to play on their device.

KEY TAKEAWAY



Immersive technologies like VR and AR is undeniably valuable when it comes to creating content for users at home, but this as an example of how clubs can roll out innovative features to keep their fans at their stadium for at least a little longer.

Manchester United launch trio of entertainment centres in China

Case Study B



Manchester United

English soccer giants Manchester United partnered with Chinese property developer Harves in a deal reportedly worth ‘tens of millions of pounds’ to open a series of club-themed entertainment and experience centres across China. The venues, which will be in Beijing, Shanghai and Shenyang, will be equipped with state-of-the-art technology to enable visitors to the centres to experience the feeling of a matchday at Old Trafford and learn about the history and heritage of the club. The centres will also have restaurants and retail stores where visitors can buy merchandise.

KEY TAKEAWAY



China is one of Manchester United's biggest markets outside of the UK. Many Chinese fans might never have the opportunity to visit Old Trafford, but recreating the matchday experience locally will only help increase their affiliation with the brand. The move also gives club partners an opportunity to activate in front of a new audience.



Tampa Bay Rays' Tropicana Field becomes first US cashless stadium

Case Study C



Tampa Bay Rays

MLB's Tampa Bay Rays became the first major North American sports team to go cashless at their home stadium. The innovation at Tropicana Field has been introduced in order to reduce queuing times and to increase fan satisfaction. The initiative, which allows payments through major credit cards, official club gift cards, Apple Pay and Samsung Pay, applies to the purchase of tickets, food and drink, merchandise as well as other products available at the venue.

KEY TAKEAWAY



Given that they are now competing with broadcast TV, OTT offerings and other off-site matchday offerings, the live experience remains crucial for every sports organisation. Therefore, sports must leverage new technologies that enable spectators to make cashless payments, order food to their seat and be connected to Wi-Fi so that they keep buying tickets for live games.



Formula E's FanBoost allows fans to give their favorite driver a power boost

Case Study D

Formula E

Formula E's FanBoost concept invites followers of the all-electric motorsport series to vote for their favorite driver on social media up to 15 minutes before a race. The three most popular drivers then receive a boost in power totalling 100 kJ worth of energy in the second half of the ePrix.

KEY TAKEAWAY

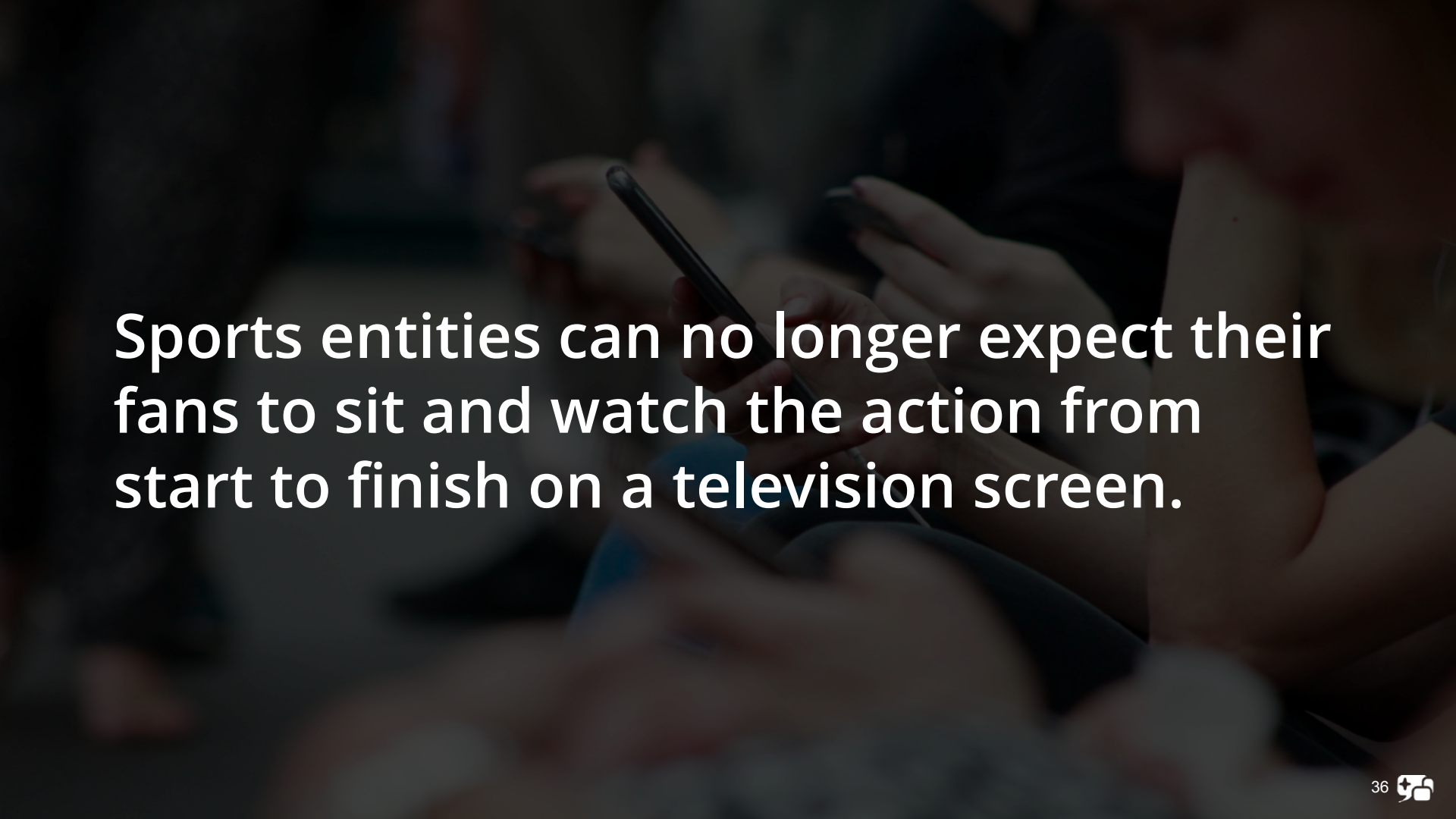


Copa90 research shows that 79 percent of under-25s in the UK use a second screen while watching TV. In an era of dwindling attention spans, sports entities would be well-advised to create interactive viewing experiences to support the live broadcast which make fans feel like they are either directing or participating in the action. Social feeds on OTT platforms that mimic the way users can comment on a YouTube video and live polls during games will also provide fans with more ways to interact with what they're watching and have their say.



Fan engagement in a shifting media landscape

Chapter 6



Sports entities can no longer expect their fans to sit and watch the action from start to finish on a television screen.

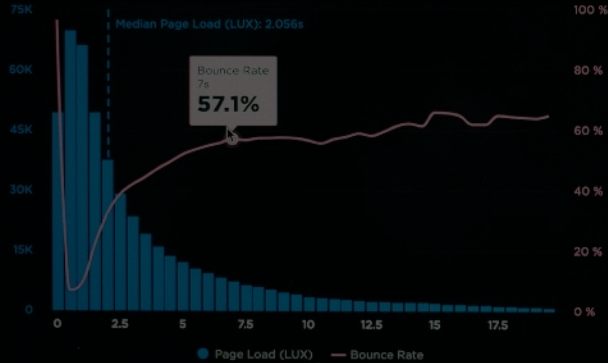


As consumers have migrated towards digital platforms, passive consumption has given way to greater interactivity. For many in the so-called Netflix generation, the ability to pause, rewind and direct the action at will is imperative. These shifts in consumer behavior, not least viewing habits, and the rise of new digital entertainment experiences have dramatically altered sport's commercial model.

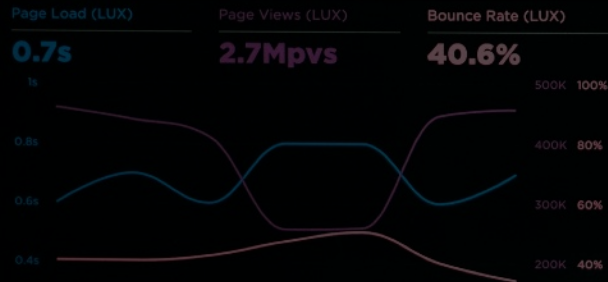
According to research carried out in 2016 by The Center for the Digital Future at USC Annenberg and ThePostGame, **65 percent of Gen-Z and younger millennial fans are now consuming sports on a mobile device.** In addition to that, 63 percent of all sports fans are interested in paying for an over-the-top (OTT) subscription channel, with that number even higher (70 percent) for fans with children in the household.

USERS: LAST 7 DAYS USING MEDIAN ▾

LOAD TIME VS BOUNCE RATE



PAGE VIEWS VS ONLOAD



More broadly, eMarketer estimates that close to 765 million people used an OTT subscription at least once per month in 2018, with a PwC study suggesting that the live streaming market is now worth an eye-watering US\$45.4 billion.

With all those ever-evolving factors at play, new metrics are being tracked - such as commercial revenue per fan - to assess the performance and future potential of monetizing a given audience or fanbase. As a recent study published by Delta Partners points out, the likes of Facebook and Snap already publicly report revenue per active user per quarter in their investor briefings, whereas many sports are yet to take advantage of this metric.



In addition, **more and more sports organisations are now partnering with technology companies to create digital products that offer more immersive user experiences.** At the end of last year, for example, Formula One signed a deal with virtual reality company Dream VR to produce unique behind-the-scenes content at Grand Prix weekends that could then be made available to fans in more than 180 countries.

In the US, meanwhile, the NBA's Los Angeles Clippers and data analytics company Second Spectrum have debuted CourtVision, a new augmented reality feature which gives fans the ability to customise their live experience with a variety of on-screen graphics beyond those typical of a traditionally televised sports event.

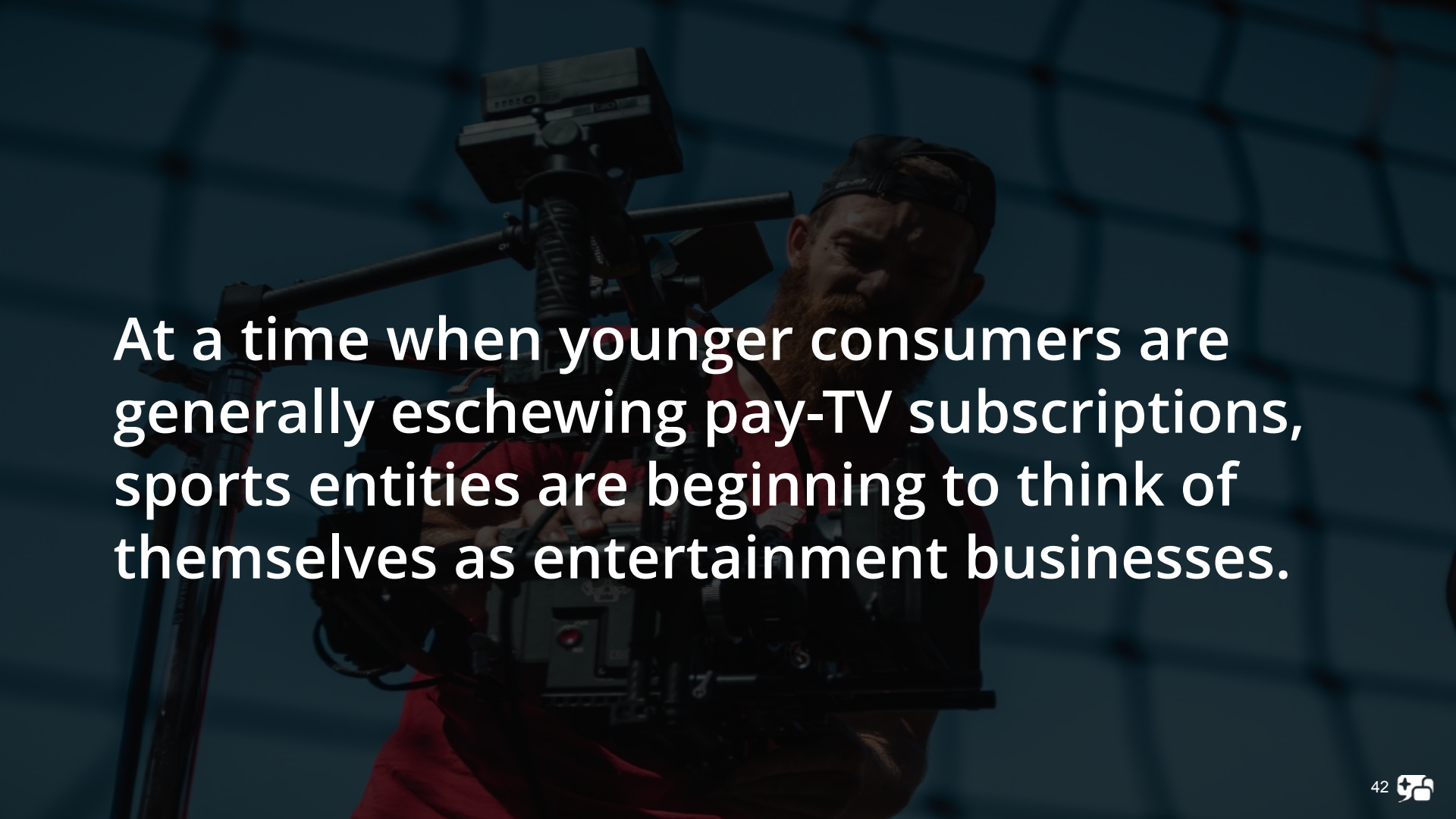


Other video enhancements are also coming into play. In the UK, for instance, the Premier League trio of Manchester City, Liverpool and Arsenal have become the latest sports entities to adopt Intel's True View volumetric video technology, which allows each club to share previously unseen game footage – such as key moments through the eyes of a player – exclusively on their own digital platforms.



Turning on to digital

Chapter 7

A man with a beard and a cap is operating a professional video camera on a tripod. The camera is mounted on a rig with various attachments. In the background, a soccer goal net is visible. The scene is dimly lit, with the man's face and the camera being the primary light sources.

At a time when younger consumers are generally eschewing pay-TV subscriptions, sports entities are beginning to think of themselves as entertainment businesses.



Many are tooling up with new in-house production capabilities and ramping up the development of their digital content propositions in order **to take advantage of assets that can be exploited beyond the rights held by conventional broadcasters.**

Many sports organisations now employ dedicated in-house media teams to capture action around live events and create valuable content that can be shared with fans who want to relive the action from a different perspective. This shift is partly a consequence of the fact that, in the age of digital media, the value of non-live rights and social clips is rising all the time. A growing number of sports properties, including Manchester City, Formula One and cricket's Indian Premier League (IPL), are also capitalising on this non-live trend by partnering with the likes of Amazon or Netflix to produce premium episodic content such as documentary series.



Fans want to feel connected to their favorite team every day, which means a premium digital hub featuring content that can't be accessed anywhere else will keep those supporters regularly coming back for more.

The widespread use of mobile has led to a growing appetite among sports fans for different content categories such as short-form, interactive, gaming and behind-the-scenes. This means a premium digital membership hub could become the exclusive home of content such as highlights of key moments from previously unseen camera angles, sponsored challenges and footage from the locker room and player tunnel.



In addition, **clubs could also utilize their own digital content platform to offer insight into the personalities of their players.**

The growth of fan-focused media platforms such as Copa90 and Dugout – and the recent launch of OTRO - highlight how fans now follow their favorite sporting stars as much as they do their preferred team.

An individual might support Chelsea, for example, but will also watch FC Barcelona games because they want to see Lionel Messi play. With the unprecedented access clubs now have to their most valuable assets, there is an opportunity to create player-specific content which not only appeals to their own fanbase, but will also draw fans from around the world who are interested in a particular player.



By rolling out digital content on a regular basis, digital membership platforms will quickly become part of a fan's daily routine as they look to keep up to speed with every aspect of their favorite sport or team, meaning there will be an opportunity for properties to direct the supporter to other areas of the business, such as retail, betting, fantasy and esports platforms.



MLS loads new app with highlights, tickets, merchandise and fantasy information

Case Study E

Major League Soccer

Ahead of its 2019 season, Major League Soccer (MLS) rolled out a new app which not only posts highlights from games, but also links to the league's fantasy offering and allows users to buy tickets and purchase merchandise. This means that a fan could watch a highlight of Wayne Rooney scoring for DC United, buy one of the Englishman's replica shirts, add him to their fantasy team, and purchase a ticket for the next DC United game, all within the same platform. The app is also personalized with team colours and other customizations in accordance with each individual user's club preference.


KEY TAKEAWAY



MLS has acknowledged that 70 percent of its digital content is consumed on mobile, and has consequently launched a platform which combines that with other areas of the business. The app is essentially a one-stop shop for the avid MLS fan, and makes life easier for them on the device they use most.

The role of the athlete

Chapter 8



As well as following sports leagues and teams, fans are increasingly engaging with individual athletes. This is often irrespective of whether that athlete represents their favorite team or competes in their chosen sport.




In today's disintermediated media landscape, athletes have more direct access to fans than ever before. By cultivating large followings and forging direct relationships with fans through social media networks, the top athletes have acquired significant influence, with many becoming content creators and distributors in their own right. It is often noted, for example, that big-name athletes like Cristiano Ronaldo and LeBron James boast social media followings that are far larger in number than those of their respective teams or leagues.

The emergence of athletes as media brands has disrupted the business models of traditional rights owners and broadcasters, but it also presents sports entities with **a valuable avenue through which to grow their reach and monetize content**. Streaming coverage of live events through athlete channels is one option to consider, with associated advertising sales and sponsor integration seen as a way to generate revenue that can be shared with the athlete in question.



Engagement means data

Chapter 9



Every fan interaction represents an opportunity to collect valuable data. Given that brand marketers are increasingly seeking in-depth consumer insights over awareness, learning about an audience can open up new sources of revenue.



Building a clear picture of the fan - who they are, what they like, how they behave and why - is therefore key for sports properties of all shapes and sizes.

Knowing why fans engage with a product or piece of content is crucial to building out an effective digital strategy. According to the recent 'Future of Global Sport' report, a study commissioned by the Association of Summer Olympic International Federations (ASOIF), the onus is now on sports entities to capture and understand data beyond straightforward interactions such as clicks and page views. The report notes that understanding the motivations behind consumer behavior, and **knowing what types of content resonate with certain fans, allows sports organisations to tailor their output for maximum impact.**



As sports properties gather more data about what their fans are consuming, and how and why they are consuming it, they can offer more personalized user experiences. What's more, data generated from digital content can then be monetized through sponsorship deals, more targeted promotional campaigns and branded content offerings.

Thankfully, making sense of this increasing wealth of data has never been easier. Thanks to advances in artificial intelligence (AI) and machine learning (ML) technology, there is no need for an individual to spend hours trawling through data when an algorithm can analyse it in a matter of seconds. Some sports organisations are already waking up to this realization, with the Pac-12 Conference, to use one example in US college sport, having integrated Amazon Web Services' AI tools into its OTT streaming service in order to anticipate digital demand and create more personalized viewing experiences.



More generally, the ability to contextualize the action on the field of play through the use of data is becoming increasingly important for informing audiences and driving fan engagement. As well as using conventional graphics and live statistics, both of which have long been used to enhance broadcasts and underpin betting markets, there is a growing opportunity for sports properties to integrate athlete biometric data into their content.

Such data resonates particularly well with avid sports fans who may use wearable technology to track and monitor their own performance, and who might be interested in comparing themselves with elite performers, while **it can also be monetized on the backend by offering solution providers the opportunity to capture and analyse it.**



Concluding thoughts



If sports entities want to increase their revenues in the digital era, they need to adopt a holistic strategy that can drive and prolong fan engagement beyond live events and traditional income streams.

This means taking advantage of the various content assets at their disposal - whether it be matchday footage, training video or player exclusives - to put together a comprehensive digital offering that feeds the growing appetite of their content-hungry fanbase.



Sports organisations must “create habits” and make the most of every fan interaction out of their fans - be it through social likes and shares or direct merchandise and ticket sales.

By harnessing the power of physical and digital experiences around the matchday and beyond the stadia, sports properties will be able to keep supporters engaged for longer, and their fans will consequently begin to truly feel like they are a part of something.



Such an approach will foster end-to-end fan engagement, creating regular consumer touch points and more personalised user experiences.

Sports properties will then be able to develop a better understanding of their fans, shape future interactions, and tailor those encounters so that they can be monetized.



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