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The future of sports broadcasting:
Enhancing digital fan engagement




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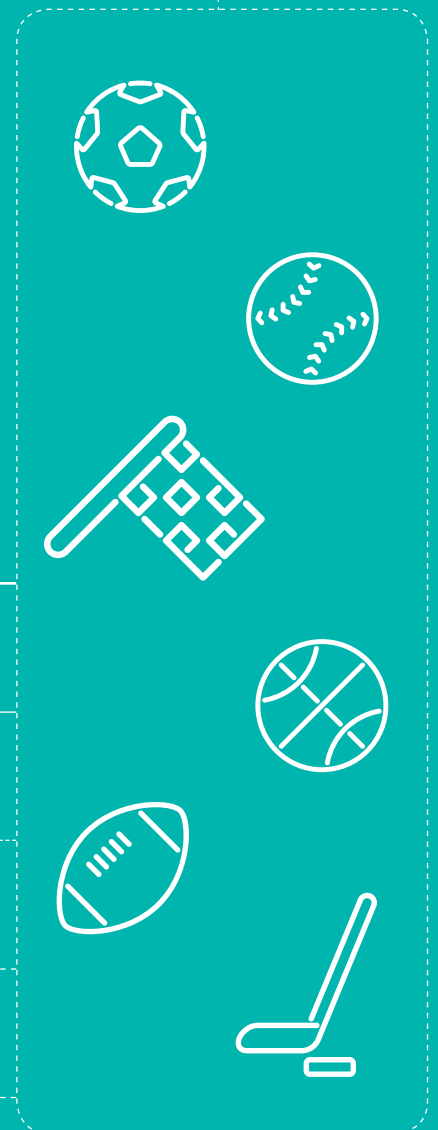
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This article is the second in a series addressing three individual aspects of fan engagement. The series started with [the stadium experience](#), it now examines engagement through over-the-top (OTT) streaming and broadcast media, and it will wrap up with the year-round fan experience. The series of articles comprises findings from a Deloitte survey of more than 15,000 respondents who were asked about relative importance and level of satisfaction with key attributes of fan engagement.

The Deloitte survey asked each respondent to self-identify their level of fandom for each of eight sports/leagues: eSports, MLS, MLB, NASCAR, NBA, NFL, NHL, and WNBA. For each individual sport/league, fans could self-identify at one of five levels: fanatics, love it fans, casual fans, knowing the sport but not a fan, and not being familiar with the sport. Fanatics were defined as never missing a game—either in person or on TV; love it fans were defined as watching often and going to live events when they can; and casual fans were defined as watching every now and then.

-  Fanatics (never missing a game)
-  Love it fans (watching often)
-  Casual fans (watching now and then)
-  Know the sport but not a fan
-  Not familiar with the sport



Introduction

In a broadcast media landscape where consumers are cutting the cord from traditional cable at ever-increasing rates,¹ consumers often no longer find themselves tethered to broadcast schedules to catch their favorite shows. Sports is one of the few remaining content types/genres that many consumers believe they must consume live, which not only can provide the opportunity for the ever-coveted advertising impression but also the opportunity to catch viewers' attention in an authentic, compelling manner. Yet, in such a competitive and dynamic media landscape, chief marketing officers (CMOs) of sports and broadcast/over-the-top (OTT) organizations still should work to keep fans engaged.

When it comes to sports content—whether through OTT streaming or broadcast channels—the Deloitte Fan Engagement survey found that:

- The single most important factor for sports fans remains the quality of the broadcast or stream.²
- Sports fans who stream also value viewer controls and functionality such as the ability to select the main view or announcer set for the stream.³

- While sports content is a major part of total broadcast and streaming media consumption, fanatics spend up to 3 times more than casual fans on streaming, and 1.5 times more than casual fans on broadcast.⁴
- Sports streaming remains a social experience, though the desired experience depends heavily on demographics and the sport in question.⁵
- Overall satisfaction was only 39 percent for the broadcast and OTT experience, leaving significant opportunity for continued technological advancement for fans looking to consume sports across devices and integrate augmented reality (AR), virtual reality (VR), social media, and gambling into their viewing experience.⁶

Ultimately, improving the broadcast and OTT experience has the potential to improve overall fan satisfaction, resulting in increased opportunity for better financial outcomes. In fact, more than 60 percent of fans surveyed related a great broadcast experience to becoming more engaged with the team and being more likely to both watch and attend a game, and nearly 40 percent felt closer to team sponsors.⁷



There's nothing like live sports

Looking at Nielsen's top-rated live programs for 2018, something stands out: 89 of the top 100 US broadcasts were live sports, in terms of same-day viewership. The Super Bowl and NFL playoffs (six of the top seven) led the ratings, with other major sports events and championships, including the Olympics and the NBA finals, filling in behind.⁸ In fact, of the top 10 most-viewed programs in 2018, the only nonsports broadcasts were the State of the Union and the royal wedding.

Of course, live broadcast is only part of the picture. To get a true sense of the impact sports has, the share of broadcast and streaming hours fans spend on sports should be examined. Deloitte's Fan Engagement survey found that approximately 45 percent of sports fans consume more than six hours of broadcast or streaming content per week. Nearly half of these fans watch at least six hours of sports content for an individual league on a weekly basis.⁹ For fanatics, the weekly broadcast and streaming share dedicated to sports is even higher. While there is little change across fan types in the overall hours of broadcast content watched, more than 60 percent of fanatics watch at least six hours of sports content per week, far ahead of both casual and love it fans.¹⁰

Not only are sports important in driving viewership for channels, they can drive spending as well. Fanatics are more than twice as likely than casual fans to spend on sports-related broadcast and streaming.¹¹ Specifically, among those fans who spend on subscriptions, fanatics spend approximately 1.5 times more than casual fans on cable subscription. Furthermore, among Millennials and Gen X, fanatics spend nearly 3 times more than casual fans on streaming services to watch sports.¹²

Additionally, broadcast and streaming rights deals account for more than 33 percent of total league revenues today.¹³ As sports teams and leagues continue to look to increase the value of their rights, it will likely be critical for them to maintain the high share of total sports viewing hours and the strong subscription rate and spending level from fans.

Rights competition and the changing sports broadcast landscape



With live sports service as a key point of attraction for broadcast and streaming services, it is not surprising that the past 18 months have seen significant market activity. In April 2018, ESPN launched its new, \$5 streaming service ESPN+, which passed 1 million subscribers in under five months.¹⁴ Two months later, DAZN announced its entry into the US market with a nine-figure global deal to stream Bellator events.¹⁵

In recent months, Hulu has run a series of ads, highlighting their entry to the live sports market through the use of NBA stars such as Kevin Durant, Damian Lillard, and Giannis Antetokounmpo.¹⁶ Most recently, 21 regional sports networks have been sold twice—first as part of a broader deal from Fox to Disney, and then on their own for \$10 billion to Sinclair.¹⁷

Your sport, your channel, wherever you are

While exclusive rights deals result in segments of sports content locked into certain providers and channels, the mechanism through which fans reach those channels, and what they expect from the broadcast itself, is evolving.

For more than 75 percent of fans surveyed, cable and satellite TV remain the preferred viewing option; however, only 61 percent of Millennials prefer cable and satellite TV for their viewing.¹⁸ Instead, the percent of Millennials who prefer TV streaming options edged higher.¹⁹ This shift is occurring as we see fans, across all age groups, place increasing importance on convenience—the ability to watch via whichever device fits the needs of the fan was the second most important attribute in our study. Specifically, fans rated convenience nearly 2.5 times more important than most other factors, and Millennial fans rated this the most important attribute.²⁰

Convenience also tells part of the growth story for non-TV devices. Only one attribute stands out dramatically—the ability to watch a game in high definition. Currently, only 45 percent of fans, and 52 percent of Millennial fans, say they are satisfied with their ability to stream a game with the same quality outside the home as they do inside. However, as the rollout of 5G improves wireless connectivity and the quality of device screens gradually increases, fans will likely continue to look to their mobile devices for sports viewing, leading to an increase from more than 10 percent of all fans and more than 20 percent of Millennials who say they watch on a tablet or phone today, and connecting to the fan desire for ease of access at a time when leagues and teams continue to explore exclusive licensing agreements.²¹





Watching the game with your three (million) friends

Beyond the sheer volume of time fans spent watching, and which device fans use to watch the game, there is another key factor that holds true for the sports experience, both in-stadium and in broadcast and streaming: Watching sports is an increasingly social experience, often driven by younger fans. While in the stadium, thousands of fans are brought together in one venue. However, when watching on broadcast or streaming channels, this can take many forms.

Survey results also show that while 53 percent of Baby Boomers prefer to watch games alone, and 68 percent prefer not to interact with other fans while watching games, those numbers drop to 31 percent and 34 percent, respectively, for Millennials.²²

When looking specifically at the young Millennials (18 to 24 years old), a significant portion of the increase in desired social interaction comes digitally. Of Boomers surveyed, only 14 percent expressed a preference to engage through texting, online forums, or social

media during games; this number jumped to 41 percent among Millennials.²³ Plus, Millennial use of social media spans far beyond fan interaction; more than 58 percent of Millennials surveyed use social media to get updates on their favorite teams and players while watching the game, and more than 52 percent would be interested in using social media as a viewing platform for the game itself.²⁴

As social media continues to dominate, teams, leagues, and broadcasters should assume when developing strategies that fans are interacting with the game, their friends, and the broader fan community on a second screen. This brings both challenges and opportunities for a new channel to create deeper connections with individual fans globally. Home games are no longer required to drive value; teams can now interact with fans on any given day through social channels, digital platforms, or events.

Broadcast innovations: Path to the future

While the story thus far has been one of the relative strength of sports in the broadcast and streaming ecosystem, this does not mean there is no room for improvement. In fact, among all age groups surveyed, average fan satisfaction across broadcast and streaming attributes was only 39 percent, a full 15 percent lower than fan satisfaction with the in-stadium experience.²⁵ This dissatisfaction is something that could drive fans away from sports, particularly in the competitive entertainment landscape of today with proliferating streaming platforms and sports alternatives.

The single most important factor for fans is picture quality, followed closely by the ability to watch by the “best available device,” and the ability to do the basic fast-forward, pause, and rewind functions. Beyond these three core factors, fans expressed interest in having the ability to customize options for their viewing experience, with more than 25 percent of fans indicating that this was the primary aspect of the experience they would like to see improved.²⁶ These customizations include anything from the ability to choose their announcers to choosing the camera angle they want to use to watch the full game. While streaming platforms should first focus on getting picture quality right, the introduction of these customizations can help drive users from casual fans to fanatics, increasing their platform stickiness, and generating significant potential returns.

Customization and personalization isn't limited to these basic changes though. More than 40 percent of fans indicated that the presence of real-time augmented reality (AR) stats on-screen would

increase their likelihood to watch, and more than 54 percent of fans indicated that VR front-row seats would increase their likelihood to watch a game.²⁷ With the legalization of sports gambling becoming more prevalent and the integration of statistics and lines, the ability to customize what appears on the screen will likely only become more important and drive opportunities for new revenue streams for content providers as they integrate with gambling partners, working to drive more viewers to their platforms. Additionally, gambling interest can allow the development of segmented offerings, capitalizing on viewer desire to watch segments of “late and close” games that they may have wagered on.

As important as these innovations are to keeping fans engaged as they watch the game, they also tie to the bottom line of leagues, teams, and broadcasters—drawing more eyeballs as fans move from casual to fanatic, engaging new partners for personalized advertising, and offering new products such as purchasable segments of out-of-market games.

As the personalization trend continues across all parts of the fan experience, and as other broadcast and streaming entertainment options continue to grow more personalized and customizable, the bar for the great sports experience will likely only rise, meaning teams, leagues, and broadcasters should work together to continue innovating, drive the fan experience, and push fans slowly from casual fans to fanatics, working to realize a 1.5 to 3 times increase in spend that comes from that progression.²⁸

Innovations in broadcast today

As technology has improved, there have been examples across teams and leagues of key innovations:

- **Augmented reality:** The MLB has used Statcast to continue to advance their batted ball and pitch-tracking capabilities, enabling the increasingly popular launch angle and home-run tracking.²⁹
 - The LA Clippers and Second Spectrum announced **CourtVision** for this season, allowing local subscribers to choose between viewing modes ranging from “player,” where expected shooting percentages are overlaid on players, to “mascot,” where animations such as thunderbolts and flexing giants appear on screen at relevant moments in the game.³⁰
- **Virtual reality:** The NHL announced a partnership this season with NextVR to create new, exclusive VR experiences for fans, debuting at the All-Star game.³¹
- **Subscription model:** This season, the NBA debuted an option through League Pass where fans can purchase the fourth quarter of games for \$1.99, and it is working toward an even more flexible purchase model.³²
- **Announcer choice:** Amazon debuted a choice of announcers for its slate of Thursday night NFL games, with viewers given the choice between the Fox crew and the Amazon team, made up of the first-ever all-female NFL broadcast team.³³

Conclusion

There are many similarities in how fans want to consume sports content from the stadium to broadcast and OTT streaming channels. Fans today are looking for even more technologically advanced and personalized solutions that will get them high-quality content, at the right time, through the right channel, and that will be paired with an authentic sense of being a part of a broader fan community. As teams look for developments to maintain the broadcast and OTT-streaming viewership numbers necessary to sustain and grow their media rights revenues, they should learn about their specific fans and preferences. As they learn about their fans, they can consider focusing on taking action across a few key areas:

- Providing high-quality viewing access to fans, where they are based and on their preferred device;

- Working to establish social interaction points for use during viewership;
- Developing technologies that allow fans to select key elements of their stream—AR and VR enhancements, announcer choices, and camera angle options, among others;
- Exploring new revenue streams through gambling partnerships and the development of subsegmented offers that allow users the flexibility to choose not just the games they wish to view, but the specific parts of the game they wish to watch.

Moving on this path will likely not be easy but has the opportunity to drive significant returns for both teams and broadcast/OTT platforms.

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