



A whole new ball game

Navigating digital change
in the sports industry

There is no question that technology has transformed, and will continue to transform, businesses across all industries, radically altering both the customer experience and the inner workings of organizations. The sports industry, in particular, is undergoing rapid upheaval, and digital technology is unlocking unprecedented opportunities for growth. In order to fully capitalize on those opportunities, however, sports organizations will likely need a digital overhaul. "Doing digital" is not enough: They will have to embed digital in every aspect of the business, transforming people, processes, and technology.

Why undertake a digital transformation?

Going through any kind of organizational transformation is not to be taken lightly. But given the significant opportunities that exist for sports organizations, the undertaking is well-worth considering. These opportunities fall into four categories.

Broaden content reach

Technology is playing a larger role than ever in the lives of fans, opening the way for sports organizations to create new, innovative customer experiences. Partnering with broadcasters and new distribution platforms can give fans the experiences they want, and capture viewership across multiple devices, including mobile.

The rise of the smartphone and the tablet may have contributed to an erosion in live game attendance, as more people switch to live streaming. Attendance for the National Football League (NFL) and Major League Baseball (MLB) is below 2007 levels, while both National Hockey League (NHL) and National Basketball Association (NBA) attendance has declined since the 2012-2013 season.¹ At the same time, over-the-top (OTT) platforms are emerging as the new engine for growth: While the NFL has seen a drop in TV ratings, fans streaming NFL games increased 25% in 2017.²

Sports organizations need to strategically leverage digital media to build direct connections with fans. One way is to partner with broadcasters to master content across multiple channels, which also allows for a wealth of real-time marketing opportunities. Ultimately, digital optimization of content across platforms will help broaden content reach for sports organization.

Defining your "digital ambition"

Becoming truly digital starts with defining your digital ambition. Consider the following:

1. What are the goals of your organization?

The company as a whole should agree on goals and objectives from the outset. It is crucial to have these in place before developing a digital strategy, as the digital strategy should support the entire business – not just individual parts.

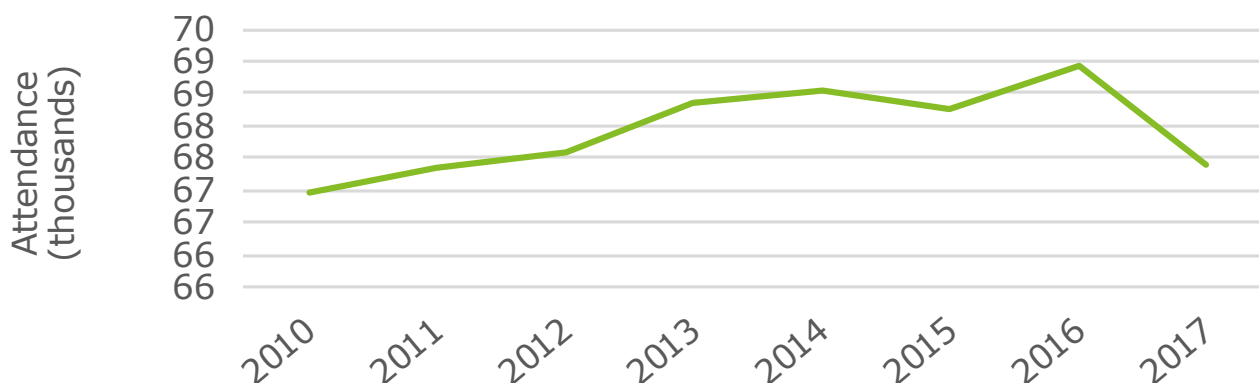
2. What are your digital goals?

Setting specific digital goals will help your organization narrow its focus and better define strategies and tactics that can be used to accomplish those goals.

3. What is your digital investment strategy?

Success is dependent on acknowledging how much of digital investment you want to make and understanding what is possible with a given dollar amount.

NFL attendance: 2010-2017



Drive the fan experience

Many sports fans are no longer interested in the game alone – they crave the kind of exclusive and shareable experiences that can be amplified by technology. Sports organizations could grow stadium attendance by using immersive technologies such as augmented and virtual reality to create an intensely exciting viewing experience. They can also increase engagement by leveraging loyalty and customer relationship management data to tailor experiences to individual fan preferences.

Engage sponsors

Fans are interacting with media more than ever before – between 2014 and 2016, audio consumption, TV viewership, and application usage increased across the board.³ Couple this with the fact that sports fans are increasingly receptive to personalized engagement, and therein lies a world of opportunity. Targeted advertisements are reported to be twice as effective on average as non-targeted ads: 60% of millennials would willingly share their data for coupons or promotions, and 71% of consumers would rather see ads focused on their interests.⁴

Digital analytics allow for a better understanding of what excites fans, giving sponsors insight into what types of ads and engagement models work for individual audiences. Digital tools can also provide sponsors with more information about fans so that they can tailor the timing, content, and delivery of messaging for greater effectiveness.

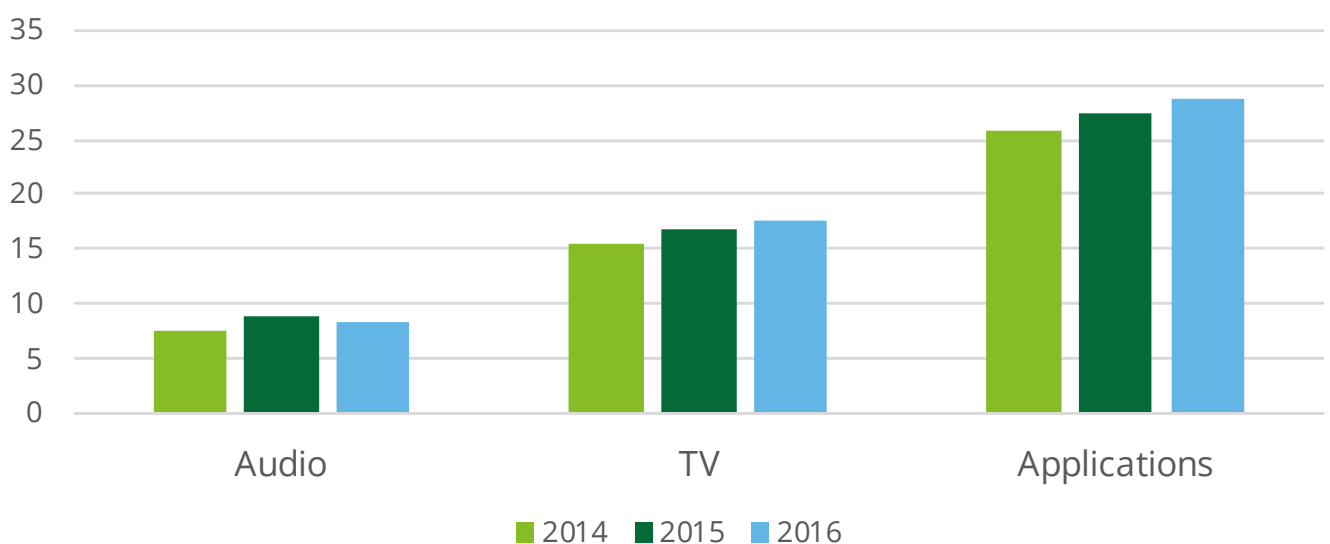
Generate new revenue

In a world where big data predominates, sports organizations can mine fans' data to better understand their habits, preferences, and demographics, ultimately unlocking new revenue streams by reaching fans in innovative ways—for example, by adding new services to existing offerings. They can also use data to improve core business operations, build and solidify partner relationships, and even develop entirely new business models.

But perhaps even more compelling is the direct monetization of anonymized data through external products and solutions. In fact, today, one third of all companies are commercializing or sharing their data to create new revenue streams.⁵ Ways that sports organizations can enter the game include:

- Selling raw data through an established exchange
- Trading information/pooling data into a shared utility
- Selling persona and device ID data on ad exchanges
- Media activation based on customer contextual data (in-home/out-of-home)

Hours of media consumption per week

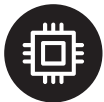


Undertaking the transformation

Sports enterprises undergoing a digital transformation should think through what digital capabilities they need and how to use them effectively to change the three organizational cornerstones—people, process, and technology.

Transforming how people work

In order to build digital capabilities, sports organizations need to not only integrate digital talent but also give their employees digital skillsets through ongoing training. This will help them view problem solving through a digital lens.



Blue-Chip Talent

- Blue-Chip Talent
- Assess digital capabilities of entire sports organization
- Identify gaps based on future digital needs and seek skills from existing talent or hire externally



Elite training

- Invest in training programs to help resources grow skillsets in areas of future need
- Update trainings based on upcoming technology and methodologies in sports industry
- Provide opportunities for resources to apply training



Many roles, One team

- Clearly defined roles and responsibilities for digital properties
- Communicate expectations on proper hand-offs between divisions



Ownership

- Determine clear ownership of digital properties among teams
- Consolidate ownership for the new digital operating model

Challenges of digital transformations

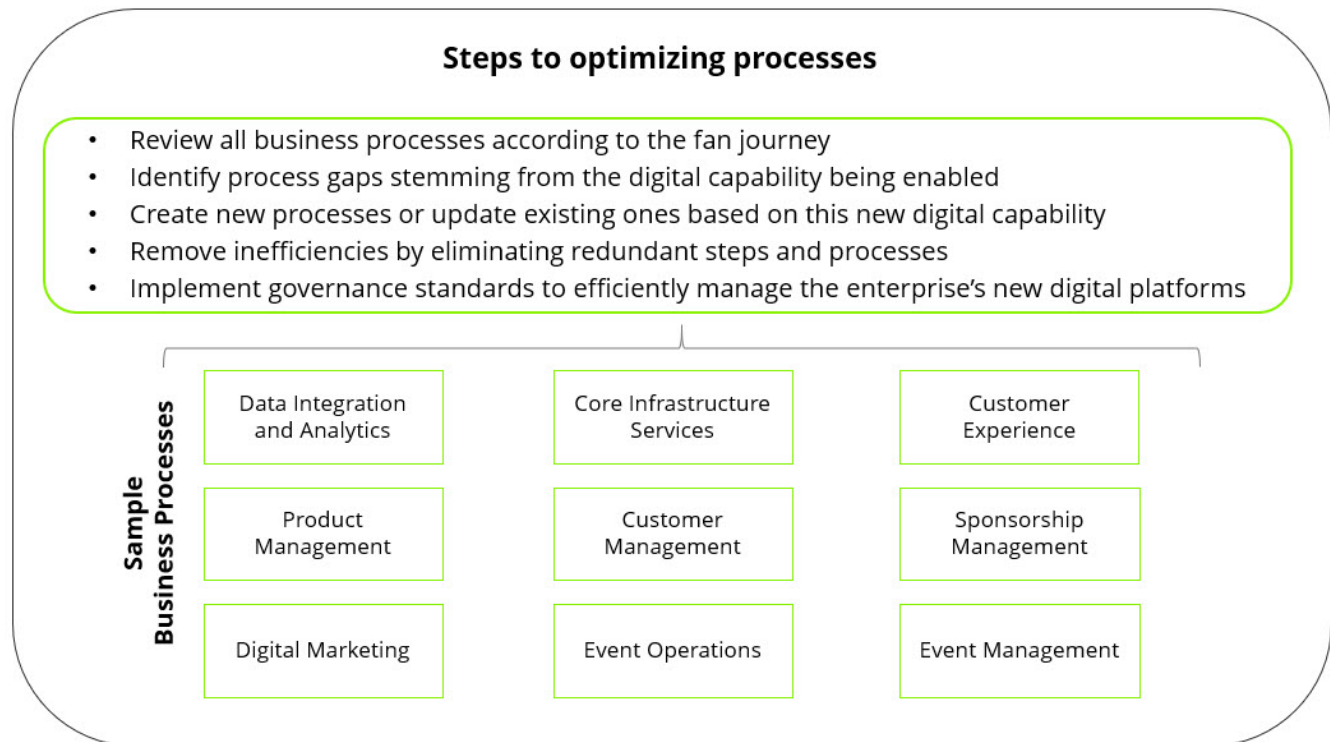
Despite the opportunities, sports organizations often run into a number of stumbling blocks in each of the transformation areas.

- **People**
 - Lack of vision from leadership
 - Stubborn culture
 - Aging workforce not fluent with new digital tools
 - Unwillingness to change behaviors
- **Process**
 - Lack of updated processes to match new digital vision, products, and/or platforms
 - Process driven by tradition versus data
- **Technology**
 - Complex legacy systems
 - Multiple digital ecosystems
 - Disconnected IT architecture



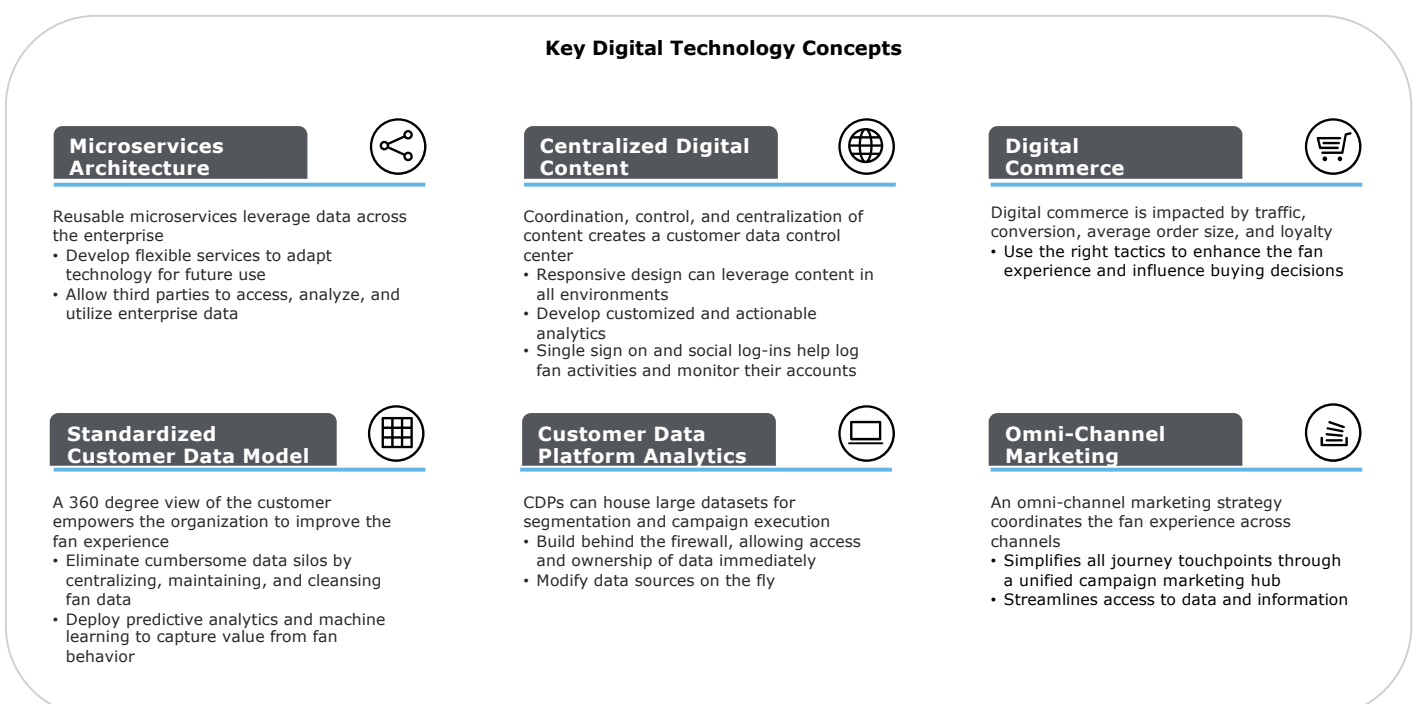
Bringing business processes into the digital age

Digital transformation involves the reexamination of traditional business processes and realigning them to support the digital capabilities needed to achieve efficiencies and unlock value.



Ushering in new digital technology

Enterprise technology must enable operational efficiencies and help the organization engage more closely with fans and customers. Transformative digital technologies range from predictive modeling that can forecast consumer trends to e-commerce platforms that can open up new revenue streams.



Principles for success

A successful digital transformation relies on several design principles that can be used to guide decision-making.

Be digital everywhere

Today's consumers are in a constant state of connectivity. In response, organizations must think of ways to leverage that connectivity to deliver a seamless brand experience. For example, as customers increasingly opt for on-line engagement, digital marketing is gaining ascendancy as the context for all marketing.⁶ Digital enterprises use their copious streams of data to map where consumers will be on every step of their purchasing path, learn what appeals to them, and finally design marketing touchpoints throughout the customer journey.

Becoming a digital enterprise also means harnessing technology to simplify operations, identify process bottlenecks, and minimize manual work.⁷ Furthermore, using software as a replacement for manual processes allows business to automatically collect data that can be used to better understand performance, cost drivers, and sources of risk.⁸

Allow customers to dictate their digital experiences

The customer sits at the center of the digital enterprise. Perhaps nowhere is this more important than in sports, where the customer's desire to own their experience unlocks myriad opportunities for value creation. Using digital technology to hand customers the reins will help drive long-term loyalty and spread awareness through word of mouth.

Avoid a big bang implementation

Don't try to do everything at once. A digital transformation is an iterative process and is continually evolving. A phased implementation allows employees, corporate partners, and fans to gradually embrace offerings as the enterprise becomes more digitally mature. The key is to lay the groundwork so that digital initiatives can scale up and the business can quickly launch, learn, and iterate.

Start small, then scale

Start with a minimal viable product (MVP) or smaller-scale digital initiatives to show proof of concept and secure buy-in throughout the organization. As people in the organization see the success from these initiatives begin to scale, it will be easier to get everyone on board for larger initiatives.

The path to success

Embarking on the digital transformation journey requires a deep understanding of current capabilities, as well a vision for the future that will determine how capabilities, processes, organizational structure, and technology will need to change. As sports organizations become comfortable with life as digital enterprises, they will not only draw closer to their fans, but may also find it easier to create innovative and customized experiences that will both broaden and strengthen their customer base.

Letting the customer drive

- ✓ **Map user journeys:** Understand how fans experience your content so you can make improvements.
- ✓ **Establish fan personas:** Analyze transaction, social media, and profile data to understand fans' preferences and habits. Then tailor each fan's experience to their specific persona.
- ✓ **Assess touchpoint value from the fan's point of view:** Learn how and when fans prefer to experience content in an omni-channel environment.
- ✓ **Keep fans engaged and connected:** Build connections and immerse fans in the action regardless of where they are. Allow them to view and participate in in-venue content, as well as to post and share video clips in real time from outside the stadium.

Endnotes

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