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The future of sport
in the Middle East

Foreword

The Middle East sports market is booming, with significant growth in hosting major sporting events in the region, most notably the 2022 Qatar FIFA World Cup, and an increased focus on leveraging the power of sport to drive societal change. There are multiple regular fixtures on the sporting calendar in the region such as Formula 1 (F1), which in 2023, will see four races in Bahrain, Saudi Arabia, Qatar and Abu Dhabi.

We are also seeing the Middle East invest in new leagues that are hosted domestically, such as the International League T20, a new 20-20 cricket league that took place during January and February 2023 in the UAE.

Looking to the future, we can see that the Middle East sports market will continue to grow and evolve. For instance, the next two editions of the Asian Football Confederation (AFC) Asian Cup will be hosted in Qatar 2023 and Saudi Arabia 2027. Mass participation events are also high on the agenda as we continue to see globally attended sporting events organised across the region, such as the Dubai Marathon and Bahrain Iron Man 70.3. These events complement the growing importance of sports and physical activity to national agendas, with demonstrable impact and outcome.

The positive impact of sport

Sport is and will continue to have a positive impact on the quality of life, both economically and socially:

1. Economic benefits: hosting major sporting events provides a platform to put a city or nation on the 'world stage', creating opportunities to develop and strengthen trade relationships and to market itself to a global tourism market.

2. Societal benefits: investing in sport related facilities, coaches, events, programmes and National Federations creates opportunities for residents to participate in activities across the region.

Deloitte's investment in sport

The potential positive impact that sport is having and can continue to have on the Middle East aligns with our organisation's core purpose on making an impact that matters. A key component of how we can contribute to this is through the expansion of our award-winning UK Deloitte Sports Business Group, led by Tim Bridge. We now have dedicated sports business specialists in the Middle East, complementing the capabilities of Deloitte's Consulting and Financial Advisory businesses, led by Hassan Malik and Robin Butteriss respectively.

The following insights expand on key trends in the Middle East sports market, along with perspectives from leading sports business professionals in the region.

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Six macro forces of change that will shape the sports industry by 2030

The forces of change are shaping all aspects of sport and impacting the stakeholder landscape, which include fans, athletes, volunteers, sponsors, media, governing bodies and federations, host cities and investors.



1. Evolving global sports market

Investor interest in sports is at an all-time high as sports organisations are turning to private capital to fund ambitious growth plans, as well as joint ventures and partnerships to drive new revenue.

The key trends include:

- Commercial efficiencies through portfolio investments i.e. multi-club ownership model
- Emergence of women's sport as an attractive and differentiated asset
- Rights holders seeking external investment to support their commercial growth plans, leveraging investors value creation experience
- Investors diversifying from mainstream sports and seeking opportunities in emerging and under-commercialised assets. More sophisticated investors will acquire complimentary technology and entertainment assets to service fans across multiple touchpoints.



2. Next generation of fans

Generation Z and Generation Alpha play and consume shorter, more action-packed formats of traditional sports. Organisations may have to focus on innovation that captivates a wider range of fan behaviors. Fan attraction and retention will no longer rely solely on 'brand loyalty', therefore sports organisations are adapting their offerings to focus on:

- **Experiences:** fans may prefer to be at the heart of decision-making and crave more personalised experiences, for example, Formula E Fanboost whereby the five drivers that receive the most votes are awarded with a significant burst of engine power that can be used during the race.
- **Exclusive content:** sporting organisations partnering with over-the-top (OTT) platforms to produce new engagement opportunities that may appeal to a more diverse audience, for example Netflix's Docudrama 'Break Point'.
- **New competition formats:** organisations are innovating their rules and formats to reduce downtime and produce more entertainment, for instance 'super tiebreaks' in tennis and 'The Hundred' which was introduced to cricket in 2021.



3. Pace of digital

Digital innovation continues to yield new ways for people to play, consume and engage with sport, for example:

- **Facebook's rebranding to Meta** reaffirmed the future impact of virtual reality. In May 2022, AC Milan vs Fiorentina became the first football match broadcasted in the metaverse.
- **Blockchain based technologies** such as non-fungible tokens (NFTs) are driving online sports fan engagement, for instance, NBA Top Shot is a blockchain-based platform that allows fans to buy, sell and trade NFTs of NBA video highlights. As of March 2021, more than 800,000 accounts were registered on NBA Top Shot, and these users collectively generated over USD 500m in sales.¹

We can see that sports organisations will be agile digital natives in the future, harnessing powerful technologies in all aspects of their operations. Digital innovation will drive the emergence of new business models, creating a myriad of revenue-generation opportunities.

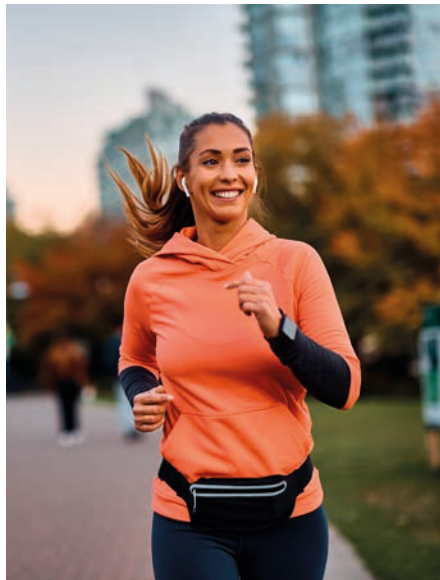
1. NBA TopShot fan engagement [What Is NBA Top Shot? NFT Collectible NBA Moments | Gemini](#)



4. Diversity, equality and inclusion

People, in particular the younger generation, are becoming more aligned to brands that take action on diversity, equality and inclusion. Sporting brands are no different and as such they will look to be more purpose-driven and be at the heart of broader societal change.

- Partners are exploring sponsorships more holistically, increasingly seeking purpose-driven impact over exposure, for instance, Financial Services firm, Allianz, is now the title sponsor of the Premier 15s women's rugby league.
- Athletes are using their platforms to progressively champion topical issues and challenging organisations, e.g., Naomi Osaka partnering with workplace wellness platform Modern Health as the Chief Community Health Advocate.



5. Health and wellbeing

Physical health is a concern for many and was exacerbated by the pandemic as lockdowns highlighted the benefits of exercising due to the rise in mental health issues.

- **Physical health** is one of the fastest growing industries, with the global gym industry worth over USD97 billion² and the fitness and health industry revenues are growing at a rate of 8.7% per annum.³
- Both individuals and organisations are increasingly aware of, and willing to discuss **mental health** given that one in four people experience mental health issues each year⁴ and 70-75% of whom are diagnosed and receive no treatment at all.

Greater health awareness can drive younger generations to exercise and play sport as we expect shorter and adapted formats of sport to proliferate due to their popularity amongst them.



6. Climate change and environmental sustainability

Climate change and sustainability are impacting consumer and societal expectations, with an emphasis on individuals and institutions taking a more environmentally conscious approach. It is estimated that the sports industry contributes 0.6-0.8% of total global carbon emissions⁵, and changing climate will have a serious impact on how, when and where sport can be played.

By 2050 the Middle East will be four degrees Celsius warmer, twice the global average, compared to the 1.5 degree mark that scientists have prescribed to save humanity.⁶

Due to its ability to transcend geographies and cultures, the sports industry can be the catalyst in responding to and initiating sustainability initiatives through purpose-driven partnerships and competition policies.

2. The global gym industry worth over \$97bn [200+ Gym Industry Statistics 2021 \[Global Analysis\] | RunRepeat](#)

3. Fitness & Health Industry revenue growth rate per annum [Fitness Industry Statistics for 2021 | Policy Advice | Policy Advice](#)

4. 1 in 4 experience mental health issues each year [Mental health statistics - MHFA England](#) [Mental health statistics - MHFA England](#)

5. Sports Industry Carbon Emissions [How Climate Change Is Affecting Sports Around the World - The Aspen Institute](#)

6. Middle East Sustainability [Climate Change Is Making the Middle East Literally Uninhabitable \(foreignpolicy.com\)](#)

Middle East Investment in Sport

Globally, we have seen an influx of investment in sport in recent years, underpinned by investors' confidence in the industry's resilience, alongside a perception that sport assets offer an alternative risk profile for diversified portfolios.

To date, private and institutional investors from the Middle East have largely looked outward. Could policy shifts in the region see an influx of domestic investment, with sport being the lever for economic and social development?

In recent years, Middle Eastern stakeholders have invested heavily in marquee sport assets across football, motorsport, golf, tennis and more to gain a prominent position in the global sporting calendar. This reached a pinnacle in Qatar in 2022 with the world's eyes drawn to the FIFA World Cup, hosted for the first time in the Middle East region.

As the region cements itself as a hub for sport and entertainment, we expect to see the Middle East's sport events industry continue to grow. The emerging sport landscape is also likely to prompt growth in sport audiences, fans and participation across the Middle East, sparking new opportunities for private and institutional investors to invest in assets closer to home.

Outbound investment

We've seen a proliferation of Middle East capital invested into European sport assets in recent years, particularly in football. Currently, there are over two dozen European football clubs in which Middle East investors have an ownership stake. Ten of these transactions have taken place in the last three years, making the Middle East to Europe deal corridor the second most active in terms of football transactions, behind the United States.

These investments have typically gained majority stakes, of varying deal size, in both the top and second division of European markets.

At the top end of the pyramid, Middle East private or institutional investors have an ownership stake in five out of the

top 20 highest revenue generating clubs in world football, according to Deloitte's Football Money League. Beyond direct investment, Middle-East based companies are significant sponsorship partners to a further four of the Money League top 20.

Entering into commercial partnerships with Middle East-based organisations offers European clubs the opportunity to engage with a new, largely untapped, fanbase in the region through innovation, digital platforms and technology.

For investors, when pursued in a risk-focused manner, this provides an entrance into the evolving European football landscape where clubs are advancing from being viewed as 'trophy assets' to an investment that generates return through long-term growth in equity value.

Beyond football, the last 18 months have seen investors from the region branch out into Formula 1 teams, E1 Series, Formula E and sponsors from the region partner with international events and teams including the International Cricket Council (ICC), Formula 1 and FIFA.

Future inbound investment

In a number of leading Middle East markets, sport has traditionally been a nationalised industry. As the region continues to diversify its economy, a shift towards privatisation and a 'free market' competitive model is expected to prompt an influx of initially domestic and future foreign investment into the Middle East.

Local governments are encouraging private investment and recognise it plays a key role in helping them achieve their national visions, elevate sport in the country, and reduce a dependency on sport sector government subsidies. Moreover, sport can drive a virtuous cycle linked to driving activity through the nation, creating jobs and providing an unrivalled entertainment platform with significant economic and social benefit.

For these privatisation drives to be successful, responsible and sustainable investment into sport is of paramount importance. Private sector investors may become custodians of sport clubs and assets that sit at the hearts of nations and communities. It is vital that all investment decisions are defined by an ownership strategy that protects long-term financial and operational viability, whilst also balancing the desire to be competitive. In a professionalising industry where decisions driven by passion can commonly lead to significant financial loss, considered and rational decision making, supported by a depth of industry knowledge and insight is now essential.

Zal Udawadia, Assistant Director, Sports Business Group, Deloitte UK

How the Supreme Committee for Delivery & Legacy has planned for and is delivering a World Cup legacy

Our Middle East Sports Business Group Lead, Izzy Wray, interviewed Zaid Mosawy, Strategic Advisor to the Secretary General, Supreme Committee for Delivery & Legacy.

Izzy: What does legacy mean to the 'SC' and how has this impacted the planning and preparations for these activities?

Zaid: 'SC' stands for the Supreme Committee for Delivery & Legacy, so from the onset it's in our title as a key point that we need to focus on and deliver. I see legacy having both a back end and a front end, where the front end is the way the tournament will be remembered, while the back end is the economic, social, human and environmental legacy impacts.

Izzy: Considering these four pillars mentioned, can you confirm that this is how you have framed the planning for legacy?

Zaid: One of the many unique things about the 2022 World Cup that helped with legacy is that it was awarded 12 years prior to the World Cup. Most FIFA tournaments are granted six to seven years beforehand, but we had 12 years to prepare which meant that a lot of focus could be brought to certain legacy projects in parallel at the beginning of the tournament. For example, one such legacy project is 'Generation Amazing' which started in 2010 as part of the bid. This corporate social

responsibility (CSR) initiative delivered football pitches and programmes in 35 countries, supporting one million people in disadvantaged communities.

Another social impact we have seen is the enhancement of the Arab unity, for instance, Saudi Arabia's win against Argentina and Morocco's progression to the semi-finals, as well as an international understanding of the region. The FIFA World Cup 2022 was framed as a tournament for the Middle East, supporting cultural understanding and solidarity through sport.

Izzy: Thinking through the economic legacy of the World Cup, what would you say are the top three legacies that Qatar is hoping to achieve?

Zaid: Tourism: Qatar Tourism is aiming for six million visitors per year by 2030, leveraging the new hotel infrastructure and tourism activities developed for the World Cup. A survey showed that 81% of the people who visited the tournament, said they would recommend Qatar as tourist destination to friends and family.

Sports hub: through hosting mega sports events, Qatar is seen as a global sports hub. We next have the Asian cup to be delivered in the first quarter of 2024, where we will be utilising the infrastructure from the World Cup.

Capabilities: we have created jobs in the construction, events and tourism industries and have supported local businesses, with 90% of SC contracts awarded to Qatari companies. People and companies in Qatar have developed critical capabilities and experiences for the future.



Izzy: In your opinion, how will Qatar use the World Cup as a platform to develop itself as a sports hub?

Zaid: The brand is now linked to sport. We have hosted tennis and golf and have the F1 Grand Prix in 2023. Our calendar of events throughout the year creates a steady stream of tourists, improving the quality of life for people living here as the economy subsequently improves as a result of the sports and entertainment events.

Izzy: What advice would you give to future World Cup hosts? Do you have any top tips for countries hosting?

Zaid: 1. Understand your main stakeholders and ensure you build and deliver a strategy to generate maximum positive impact for them

2. Stay focused on the delivery of your goals whilst staying open to new ideas and innovation

3. Be prepared for anything

Blockchain implications in sports

The advent of blockchain technology has had an immense influence on the sports industry across the world, and the Middle East is no exception.

In recent years, there has been a considerable growth in the interest of potential sports-related blockchain applications in the Middle East, with some countries already exploring its use. To better understand the potential of blockchain in the region's sports community, let's explore three crucial implications of blockchain technology in sports

Fan engagement and reward programs

The challenge in the traditional system is that it can be difficult for fans to have a direct impact on their favorite teams or players, and for teams to effectively gather and act upon fan feedback.

Blockchain technology enablement

Platforms use blockchain technology to allow fans to participate in engagement programs and vote on certain team decisions. The platform or in blockchain-terms, a Decentralised Autonomous Organisation (DAO) uses a token system, where fans can purchase tokens that represent a certain amount of voting power. The tokens are then stored in a decentralised ledger and maintained by a network of participants, making it difficult to manipulate or fraudulently change the data, ensuring a transparent, secure and tamper-proof voting system.

Case study

Socios.com is a fan loyalty and rewards application, where various football clubs have joined the platform to allow their fans to vote on various team decisions and participate in fan engagement programs. For example, Paris Saint-Germain F.C.⁷ has used the platform to allow votes on the design of their jersey, the music played during home games and the creation of new merchandise. This use of blockchain

technology can increase fan engagement and provide a more secure and efficient method of gathering and acting on fan feedback.

Collectibles and memorabilia:

The challenge in the traditional system for collectibles and memorabilia is that they can be easily counterfeited, leading to a lack of trust in their authenticity.

Blockchain technology enablement

Blockchain technology enables the creation of unique digital tokens or assets that represent ownership of a specific collectible. These tokens are stored on a decentralised ledger, ensuring the ownership and authenticity of the collectible can be verified and tracked. This also makes it easy for collectors to buy, sell and trade their memorabilia.



7. [PSG fan token experience | Socios](#)

Case study

FIFA+ Collect is a platform that allows fans to collect, trade and own unique digital collectibles of their favorite players, teams and moments in football history.⁸ The use of blockchain technology guarantees that the collectibles are authentic and that their ownership can be verified and tracked. Additionally, the platform also provides fans with a fun and engaging way to connect with their favorite teams and players.

NFT ticketing with royalties:

The challenge in the traditional system of ticketing is that ticket fraud and scalping can be a major issue, leading to fans paying higher prices for fake or duplicate tickets. At the same time, the revenue generated from ticket sales is often limited to a single transaction.

Blockchain technology enablement

Blockchain technology enables the creation of unique digital tokens or assets that represent ownership of a specific ticket. These tokens are stored on a decentralised ledger, which ensures that the ownership

and authenticity of the ticket can be verified and tracked. This also makes it easy for fans to buy, sell and trade their tickets as well as earning royalties through the resale of their tickets.

Case study

Ticketmaster has partnered with blockchain platform Flow to launch a ticketing system for the NBA's Dallas Mavericks.⁹ The system involves the creation of five million NFTs that represent game tickets, allowing fans to buy, sell and trade their tickets as well as earn royalties from the resale of their tickets. This use of blockchain technology provides a secure and transparent ticketing system, as well as a new way for fans to engage and participate in the ticketing process.

Countries in the Middle East have been investing heavily in blockchain technology, with the sports sector being a significant area of focus. According to a report by Thomson Reuters, the total planned spending on blockchain technology in the Middle Eastern sports sector is estimated to be around USD 200 million in 2022,

with a projected significant growth in the coming years.¹⁰ The growth in blockchain technology adoption in the region is driven by the push for digitalisation and various initiatives aimed at promoting the digital economy. Additionally, the increased interest in digital currency and blockchain-based applications is fueling the growth of the market in the Middle East.

For example, Dubai launched the first blockchain-based sports platform, 'SportChain' in 2018 to enhance fan engagement and increase transparency and security in the sports industry,¹¹ while Qatar partnered with the Sorare blockchain platform to create digital trading cards of the league's players.¹²

The mentioned initiatives in exploring the use of blockchain in sports are a positive sign of its potential, and there are many unique opportunities to help organisations adopt, implement and provide solutions to enhance the sports industry.

Overall, investing in sports clubs is driven by the pursuit of financial gain, with club valuations primarily dependent on fan spending and engagement. To increase the value of these clubs, it is crucial to minimise revenue loss and foster stronger engagement. This is testament to why blockchain technology presents a compelling opportunity for active sports investors.

Stay tuned for future developments if you would like to learn more about the potential of blockchain in sports in the Middle East.

**Nader Sadek, Consultant,
Monitor Deloitte**



8. [Collectibles and memorabilia | FIFA+ Collect](#)
9. [Ticketmaster partners with Flow | TechCrunch](#)
10. [Cryptos on the rise 2022 | Thomson Reuters](#)
11. [First government-endorsed blockchain platform | Cision](#)
12. [Sorare digital trading cards | Sorare](#)

Note: The list of blockchain implications above presents key effects, but it is important to keep in mind that it is not exhaustive and may not cover all possible applications

How the Saudi Sports for All Federation is driving a nation-wide campaign to promote physical activity and shape the future of community sports

Cedric Dallemagne, our Middle East Strategy Consulting Director in Deloitte Monitor, interviewed Shaima Saleh Al Hussein, Managing Director of the Saudi Sports for All Federation (SFA).

Cedric: What role does the Saudi Sports for All Federation play in motivating the Kingdom to engage with sports?

Shaima: Although we still have a long road ahead, we are confident that we can achieve our ambitions through our programmes and events, our strategic partnerships and of course, the support of the community.

Cedric: Considering the ambitious objectives you've been tasked with, how do you ensure that your programmes make a lasting impact?

Shaima: One of the main pillars for our success is our data-driven approach. Through our National Survey, we're able to pinpoint the major motivators and barriers for each segment in the Kingdom, and subsequently tailor our initiatives to meet the needs of the people.

We believe tackling those barriers to participation in physical activity is the key to creating a sustainable impact and encouraging a healthy and active lifestyle for generations to come.



Cedric: I'd really like to dig deeper on the insights SFA has managed to uncover, what are some of the major barriers to physical activity that people in the Kingdom are facing and how would you go about tackling them?

Shaima: Although different people face different challenges, most of the barriers can be grouped into three major categories: accessibility, affordability and awareness.

Taking accessibility as an example, we have found in the past that a high number of women believed that they had restricted access to sporting facilities and only a few were willing to exercise outdoors, both due to lack of infrastructure and cultural reasons.

Today, women have access to over 700 gyms and 500 community sport groups across the Kingdom and we are seeing a shift in mindset towards women exercising outdoors. Although we still have a long way to go, we are inspired every day by the staggering progress we have seen across the country.

Cedric: On a final note, what does the future of Saudi Arabia look like when it comes to being more active and maintaining that momentum for years to come?

Shaima: Although we still have a long road ahead, we are confident that we can achieve our ambitions through our programmes and events, our strategic partnerships and of course, the support of the community.

As a key enabler in the community sports sector, we design programmes that we believe will have a ripple effect, providing one person with the means necessary to enable more people to lead healthier and more active lives. SFA tries to be present across all stages of a person's physical activity journey.

With the youth, we aim to communicate with kids at an early stage and inspire them to build sustainable physical activity habits through physical literacy programs. For adults, we aim to solidify their physical activity habits to become second nature and ensure that they remain active even when they are facing some of life's biggest milestones. Finally, for the elderly, we aim to provide safe and inclusive programs that promote the physical and mental health benefits of regular exercise.

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Major event capabilities

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Tax/Legal

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Connect with one of the team to discuss the topics covered in this thought piece and the opportunities these present to your business.

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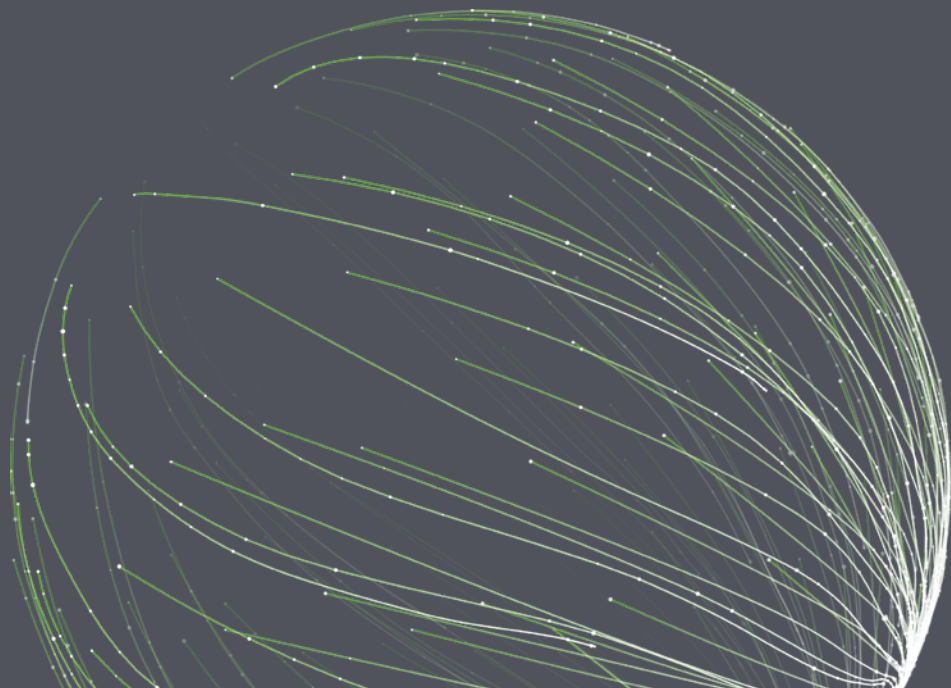
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