



## Understanding the impact of COVID-19 on the sports industry

The effects of COVID-19 continue to flow through the world’s health, educational, financial, and commercial institutions, and the sports ecosystem is no different. Matches and competitions are being cancelled or postponed, disrupting governing bodies, organisers, teams and athletes — as well as the non-stop live sports content we have come to expect. Owners, broadcasters, and sponsors are trying to navigate the impacts and implications of event cancellations and modifications.

Many questions have arisen from the situation. How do you simultaneously manage fan expectations, minimise operational disruption, and plan for a future that, in both the short and long term, may not look anything like the past? Can new technologies and channels help engage fans during suspended or modified league operations? With the pandemic looking likely to be with us for some time, the entire sports ecosystem will need new ways to deal with threats to financial and business continuity arising from disrupted cash flows, legal and insurance challenges, and possible impacts on longer-term attendances and engagement.

### The potential long-term impact on the professional sports ecosystem

The sports ecosystem— governing bodies, competition organisers, clubs, owners/investors, athletes, broadcasters, sponsors, suppliers, and fans — can expect impacts across multiple organisational and strategic pillars:

- **Competitions and calendars.** Postponement, cancellation and expungement of events and competitions looks set to radically alter the sports calendar over the coming years, with innovative changes to existing formats looking likely in a number of sports.
- **Operating models.** Disruption will push some organisations to transition to new operating models that they may have already been considering. Others will be forced to adapt - whether they’ve been planning to or not, whilst many will see this as an opportunity to transform.
- **Commercial relationships.** How can ecosystem members support and strengthen relationships with broadcasters, sponsors, and partners amid the difficult legal and financial implications of an abrupt shutdown?
- **Fan engagement.** How will teams, owners, and sponsors re-think the fan experience? What does “fan experience” mean if there are no fans in the stands? Will the shutdown increase focus on virtual one-to-one relationships and “closing the last mile”?
- **Investment.** Given the exposure and liquidity issues of the rapid shutdown, should organisations and individual investors be diversifying their portfolios across regions or leagues? Or is it the time to prepare for future acquisitions? Consideration could be given to alternative sources of finance which help to safeguard the sport in the short term, without compromising the medium to long term future of the sport.
- **Digital Workplace.** Giving a remote workforce access to scalable, secure, virtual systems may require new investments in digital, technological, and cyber services.

- **Stadia and Venues.** How does the current crisis affect the needs of arenas and stadiums? Can venues be used to support the response of governments and society to COVID-19? How can venues be better utilised, including for new and different content, in the future? What happens if we must continue without crowds?

### Challenges for sports businesses

This unique situation is putting stress and strain on sports organisations, and will continue to do so in the coming months, as organisations face the challenges of:

- Managing cash flows, which are so closely planned to established calendars that are no longer relevant
- Enticing fans to return to stadiums and venues with the threat of additional outbreaks and societal uncertainty
- Asking athletes to return to training and competition when they may rather be with family or friends
- Ensuring that relationships between athletes and fans are protected
- Resuming operations, having suffered significant financial losses and with an uncertain future financial situation
- Mutually supporting partners in an ambiguous macroeconomic climate
- Resuming global operations, possibly in countries still struggling with outbreaks
- Asking employees to return to work when they still may be uncomfortable being in large groups
- Continuing large portions of their operations remotely, on technology ecosystems which have not been prepared for such levels use

### The questions sports owners, executives, and boards should be asking now

- How can we reduce the impact of losses from cancelled games and events?
- How can we best serve our broadcasters and sponsors at this time?
- With athletes idle, is there an opportunity to create new and different “outside the ropes” sports content?
- How do we maintain fan enthusiasm without live matches, tournaments, or events?
- How do we best prepare to serve the demands of fans, sponsors and broadcasters when restrictions are lifted?
- How do we utilise this ‘down-time’ to best plan and prepare for the future?
- How will likely restrictions on international travel impact on the ability to stage multi-nation sporting events? What can be done now to mitigate against such restrictions?
- How does this crisis allow organisations to reset the financial ecosystem that underpins their sport and create more resilience for the future?
- How will COVID-19 impact on the regulation of sport, including sporting, operational and financial aspects?
- Is there an opportunity to capitalise on remote work? For example, could shared back offices efficiently support multiple teams within a league, or even multiple leagues?
- How can we review insurance policies to assess, quantify, and document losses from cancelled events and other business disruptions related to COVID-19?
- If insurance policies provide insufficient coverage, is any contractual relief available?
- What can we be doing to support the wider governmental and societal response to COVID-19?

## Practical next steps

As in any crisis, sports industry leaders will be defined by the three dimensions of crisis management: **respond**, **recover**, and **thrive**. Key next steps for leaders to consider include:

- **Get ready to potentially play without fans for a while.** There is a real possibility that when games resume they will happen, for some time, without fans. How do you still connect with fans when they are not there? How can you recreate that experience at home through digital platforms? Can players perform to the same level without fans in stadiums?
- **Prepare for more outbreaks and restrictions.** What will you do if a second wave of COVID-19 arises, or a new virus spreads in the next few years? What contingency plans can be put in place now?
- **Think through a comeback plan.** How will recovery unfold? Consider multiple approaches—potentially starting with special events or tournaments. How do you invite fans back, but with added safety precautions? How do you manage the risk to employees?
- **Consider the role of digital and social platforms.** How might you deliver, and monetise, one-on-one digital engagement between fans and athletes, or fans and clubs?
- **Mutually support and strengthen relationships with partners.** Broadcasters, sponsors, and vendors will have gone through their own challenges. How do you support, and strengthen, those relationships in this new world?
- **Use the crisis to evolve.** How can this enable broader transformation efforts already underway, or even efforts previously deemed too radical?

## The role of sports in our shared recovery

This crisis has come on hard and fast. In many ways, when live professional sports were put on hold, a major aspect of life changed so quickly and comprehensively that it shocked many into seeing the scope of the problem. With professional sports offering a point of community and connection for so many, resumption of play—however long it takes—will signal to fans and players alike that we're on our way to beating the pandemic. We hold out hope for the day when teams once again take the field, and the business of sports becomes joyful business as usual.

For more suggestions and COVID-19 materials from Deloitte, please see our continually updated article [Government funding response to COVID-19](#), and we would encourage you to join our Chief Economist's (Ian Stewart's) [weekly webinars](#).

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