



Introduction

What a year in sports it has been! From thrilling conclusions of the professional and college football seasons to Roger and Rafa's return to dominance. From the Fight of the Century living up to its billing to the Astros bringing some much deserved joy to their hometown fans. The sports landscape continues to evolve and expand. As we start 2018, we thought we would spend a few minutes reflecting on our predictions from the [past few years](#)..

- As cord cutters continue to disrupt the traditional avenues of viewership, we saw over-the-top (OTT) platforms acquire streaming rights and extend the reach of sports internationally.
- Variations of traditional sports leagues continue to emerge, from Ice Cube's BIG3 and the American Flag Football League to Major League Rugby, adding to a growing list of substitutes for fans.
- Protests continue to dominate the headlines, transcending football and presenting new challenges for leagues, teams, and sponsors.
- Mixed-use and entertainment-focused districts continue to grow—from Atlanta to Detroit, the stadium has become a cultural attraction which draws in fans well beyond game day.

As is our tradition, Deloitte's sports practice has been looking ahead to the issues and opportunities likely to affect the industry in the coming year. We look forward to hearing from you!

Pete Giorgio

US Sports Leader

Deloitte Consulting LLP

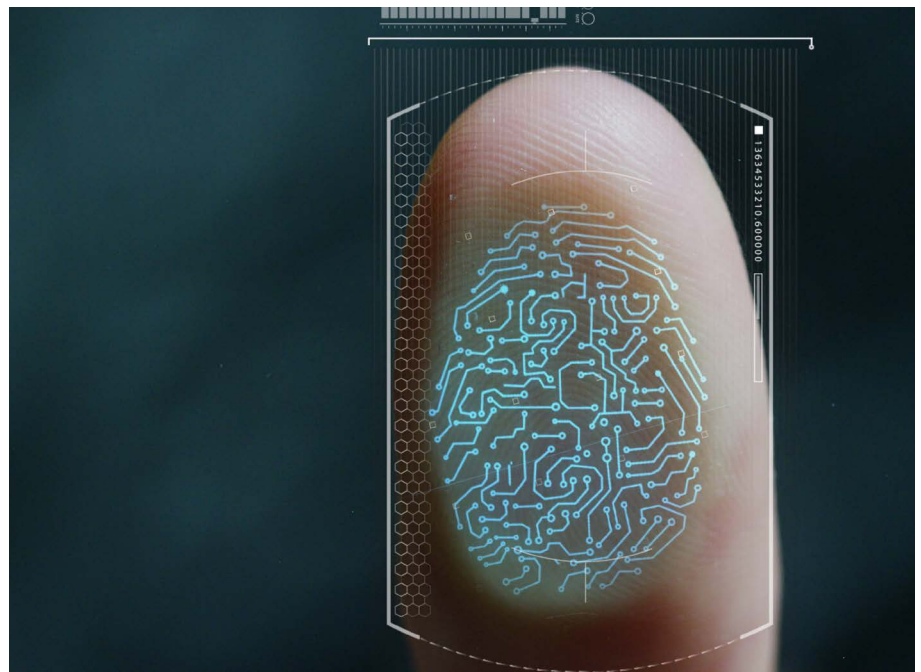
Protecting the real MVP

As demonstrated by the 2015 bombing at a Paris soccer stadium and other recent incidents at large entertainment-oriented gatherings, sports venues can be vulnerable targets.¹ In light of recent acts of violence around the world, a trend that unfortunately does not look to be slowing, we expect to see increased efforts in venue security to minimize any threats to fan safety.

As sports franchises continue to build state of the art stadiums, physical security protocols are likely to be updated. But we also anticipate stadium operators will increasingly rely on digital solutions to bolster their security capabilities. To contend with potential threats, stadium operators have begun implementing biometric recognition, electronic fingerprinting, RFID tags, and other similar technologies that enable them to inspect fans efficiently upon stadium entry, and evacuate and track fans quickly and safely in the event of an attack.²

Aside from mass attacks, unruly fan behavior in and around stadiums is also a factor driving down attendance.³ Curtailing any violent behavior to create a safe stadium environment is of paramount importance to sports franchises. As such, we expect incident tracking, fiber-optic camera surveillance, video analytics, and other non-invasive technologies will play an increasing role in stadiums' security strategy.⁴

By harnessing technology to ensure a safe fan experience, sports franchises can potentially minimize the risk of violent incidents being perpetrated in their stadiums, and avoid the subsequent revenue loss associated with such events.⁵



Investing in venue security is of utmost importance for all sports organizations, but fans will likely be sensitive to disruption of their experience. Utilizing tech-enabled solutions will be key.”

—Rebecca Chasen, US Deloitte Advisory Travel, Hospitality & Leisure Leader, Deloitte Financial Advisory Services LLP





“Flexibility and customization are increasingly important for season ticket holders and more casual fans alike. New ticket offerings are providing fans the options they need to get off the couch and back into stadiums and arenas.”

—Ramya Murali, Senior Manager, Deloitte Consulting LLP



Letting the fan call the plays

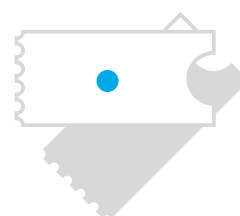
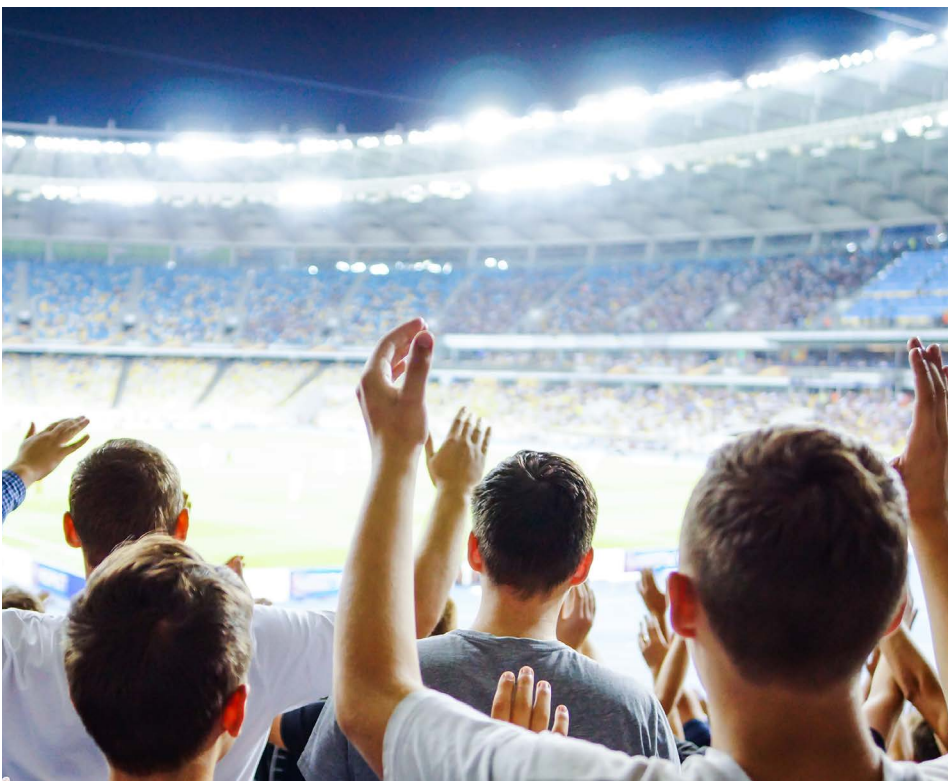
Sports teams increasingly are competing with the couch and other entertainment offerings for consumer attention. With more options and busier schedules, fans who have traditionally purchased tickets to live events are expecting more flexibility than ever before if they're going to attend games. As the temptation to experience games from the comfort and convenience of the home continues to rise, sports teams have begun to expand the definition of the “season-ticket holder” and evolve their ticket packages and offerings to engage a broader continuum of fans.

In an attempt to cater to a more diverse set of fans, organizations like the New York Jets have rolled out subscription-based mobile passes that allow fans to attend a predetermined number of games for a flat fee. Through these subscriptions, seat location varies depending on ticket availability, which allows for fans to have a unique experience at each game. In other cases, organizations like the New Jersey Devils are offering a “banking” system membership, whereby fans choose to make an advance deposit into an account, which is

debited to purchase tickets throughout the season. By offering the ability of choosing from any game and any ticket quantity at discounted prices, fans are given the flexibility that more traditional season-ticket packages don't often provide.

At the same time, the continuing trend of innovating the game-day experience through stadium enhancements and participation opportunities has also spurred more tailored ticket offerings. One way baseball teams such as the St. Louis Cardinals are taking advantage of enhanced stadium experiences is through season-long subscriptions for standing-room-only areas within the stadium. This provides city residents the flexibility to treat the stadium not only as a place to watch their teams, but also a social hub for the venue's restaurants and bars.

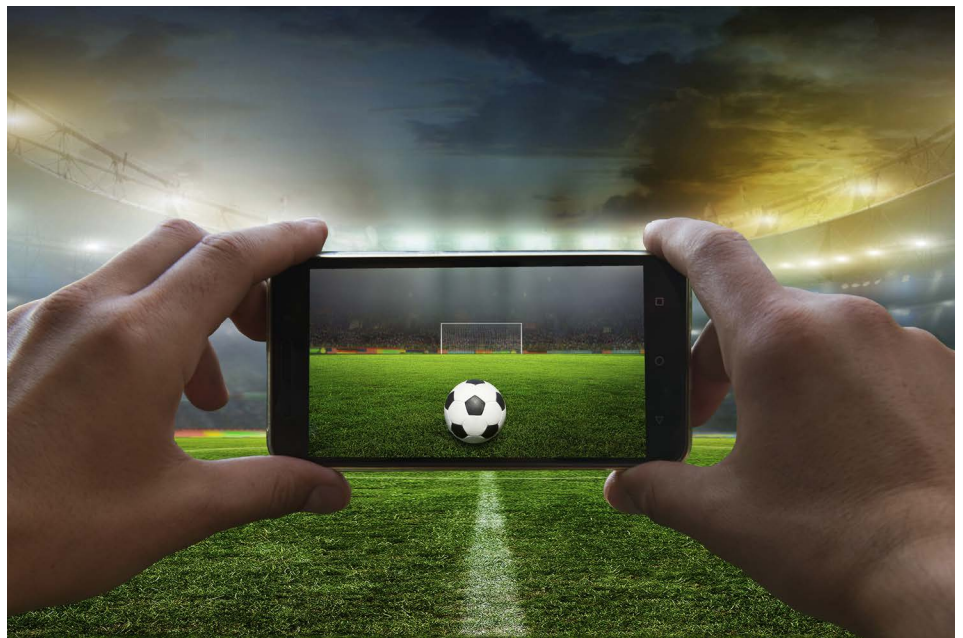
Teams are banking on this ticketing creativity to help bring a whole new generation of fans to the ballpark.



Winning the hearts and wallets of millennials

Over the past few years, we've seen increased splintering of the cable TV bundle and the proliferation of streaming services that deliver programming. In the same way that sports viewership has been upended by changes in the media industry, we're also starting to see a shift in how teams and brands serve ads to fans consuming their content. Soon to be gone are the days of mass marketing home games on billboards and TV commercials. Instead, as individuals increasingly watch sporting events over digital platforms such as SlingTV or DirecTV Now, the data trail left behind will be used to target fans with personalized offers to buy tickets or merchandise.⁶

By moving ad spend to digital and social channels, teams can more effectively target fans who are already interested in their content. One team leading this trend is the Miami Dolphins, who over the past year has used much of its marketing budget on content development, using social engagement as a mechanism to identify and grow its fan base.⁷ This method is particularly important for organizations hoping to capture the loyalty of millennials, whose preferred media mediums are smartphones and mobile applications. By reaching fans where they are and with targeted content, teams will likely grow revenue in ways not possible just a decade ago.



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“Meeting fans where they consume content—in the palm of their hand—is crucial, especially given how comfortable consumers have grown making purchases via mobile.”

—Brian Finkel, Deloitte Sports Research, Deloitte & Touche LLP

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The digital coin taking over the world

Consider a sports gambling platform that provides full transparency in the establishment of odds and the resolution of bets. Imagine a technology that enables full control of the ticket resale market, and prevents tickets from being fraudulently copied or shared. All of this (and more) is possible through two of the hottest trends rocking the financial markets—cryptocurrency and blockchain. These digital assets have the potential to disrupt the sports industry through their ability to mitigate risk, create new sources of value, and enable new secure transfers of information. Although still in its relative infancy, blockchain offers potential emerging solutions to many challenges the industry is striving to improve.

• **Ticket traceability and data capture:**

Tracking tickets sold in the secondary market and gathering accurate information about each fan who actually attends a game is a significant challenge for many sports franchises. These emerging technologies can provide a more transparent view of the real demand/supply for each event, enable peer-to-peer transfer of tickets without a third party, and more accurately track the life cycle of a ticket, particularly when it changes hands.

• **Engagement throughout the fan journey:**

Teams continue to look for ways to engage and reward fans for behaviors beyond attending the game. By rewarding fans with digital currencies, teams can drive greater social media use, enable participation in community events, reward engagement with content distribution

channels, and strengthen corporate partnerships / sponsorship opportunities.

- **Gambling / daily betting:** New mediums for predicting the outcomes of seasons, games, and even individual plays continue to arise. Blockchain is a crowd-enabled technology, which can create new markets where fans can make wagers in a more transparent marketplace.

From Mark Cuban investing in an e-sports betting startup enabled by Unikoin Gold to startups using tokens to sponsor and support young athletes, the time to act is now. Sports enterprises can be late adopters of new technologies—but in this instance, they may be the actors showing the world the full scope of blockchain's capabilities.



“Blockchain is a once in a generation kind of technology that has the potential to disrupt the industry—from ticketing innovation to fan engagement, and, if legalized, sports betting.”

—Eric Piscini, Principal,
Deloitte Consulting LLP



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The FBI investigation has brought national attention to the college sports operating model, and the current state of college athletics may be rapidly changing.

—Mike Brodsky, Deloitte Advisory Managing Director,
Deloitte Financial Advisory Services LLP

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Rethinking the student-athlete

March Madness, with its dramatic upsets and Cinderella stories, captivates sports fans across the country and thrusts the National Collegiate Athletic Association (NCAA) into the national spotlight every year. Fueled by billion-dollar television deals, this annual basketball tournament turns many collegiate players into household names and is a tremendous revenue generator for the NCAA, teams, and sponsors. Current NCAA policies prevent these student-athletes from receiving any financial compensation beyond the cost of attendance at their university. However, the recent FBI investigation—involving wiretaps, arrests, and implications for many elite, Division I programs—has brought national attention to the business of college sports.⁸

When coupled with the NBA's one-and-done rule, which prohibits entry into the league until an athlete is a year removed from high school, amateur athletes are increasingly exploring alternative paths to the NBA.⁹

Many high school stars are avoiding college basketball altogether and are venturing to professional leagues in countries like Australia, China, Lithuania, and Spain until they are eligible for the NBA draft.

The final chapter of this story is yet to be written. Will the investigation continue to reveal a pattern of similar activities across sponsors, teams, and sports? One thing is clear—this will still be top of mind when the Big Dance tips off this year.





Social activism: The story continues

A year ago, the sports industry witnessed a resurgence of prominent athletes staging demonstrations to raise awareness of various social issues. Fast forward one year, and it's apparent that social activism in sports is not just a fad. Player activism has now become commonplace, partly due to the politicization of their efforts.

Athletes may finally have drawn attention, but their message has been lost. Rather than sparking a conversation about racial inequality or police brutality, these protests have become political, something to cheer or reject depending on your perspective.

Athlete activism may also be impacting the bottom line of the league. TV viewership is down,¹⁰ and while it could just be cord cutters, sponsors are anxious about associating their brands with an uncertain product. Soon, leagues and players alike will likely have to make a decision about what is most important: the bottom line or social activism. Some leagues are supporting their players.¹¹ The NFL has committed to financing a social activism boot camp and supporting criminal justice reform legislation.¹² Yet not all team owners are onboard with lending league-wide support, conflicted either by personal beliefs or potential business ramifications. And that is the problem: The issue of social activism in sports is hindered by a hyper-politicized environment where picking sides becomes greater than picking a cause.

Profit and societal change aren't mutually exclusive, but as evidenced over the past year, marrying the two is likely easier said than done. While the activist issues of today might not mirror the issues of tomorrow, we expect both leagues and player unions to make the governance of, and response to, social causes a key topic in the next round of collective bargaining negotiations.



“Social activism in sports is here to stay, and the clock is ticking on brands, leagues, and teams to decide where they stand. The stakes are higher than ever before, particularly for the bottom line.”

—**Tamika Tremaglio, Deloitte Advisory Principal,
Deloitte & Touche LLP**



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Let's talk sports industry trends

We believe these topics are going to impact the business of sports, both on and off the field, over the next 12 months. But invariably new stories, trends, and themes will emerge that further disrupt the industry, derail the game plan for executives, and delight us as sports fans. Please tweet **#DeloitteSports** to share the sports trends or opportunities that are on your mind in 2018.

Contacts

Pete Giorgio

US Sports Leader
Deloitte Consulting LLP
pgiorgio@deloitte.com

Brian Finkel

Deloitte Sports Research
Deloitte & Touche LLP
bfinkel@deloitte.com

Michael Aronesty

US Sports Audit Leader
Deloitte & Touche LLP
maronesty@deloitte.com

Dan Cappetta

Consultant
Deloitte Consulting LLP
dcappetta@deloitte.com

Ramya Murali

Senior Manager
Deloitte Consulting LLP
rmurali@deloitte.com

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