2015 was another memorable year in sports, both on and off the field of play. There were games and teams we will never forget – the U.S. Women’s dominant World Cup performance, the Golden State Warriors’ sharp-shooting NBA title, and the New England Patriots’ thrilling Super Bowl victory – and stories that dominated the headlines. The conversations around player safety, rising mobile / digital viewership, and fan engagement had wide rippling effects throughout leagues and organizations. What will the headlines be in 2016? What are the issues or opportunities that will be top of mind to sports executives? Deloitte Sports has identified the six business trends that we think will disrupt and dominate the sports landscape during 2016.

Pete Giorgio
U.S. Sports Consulting Leader
Deloitte Consulting LLP
The recent proliferation of over-the-top (OTT) media streaming services is not the result of consumers reducing or eliminating their cable TV service so much as it is the cause of cord cutting and cord shaving. The irony is that live sports rights simultaneously are exacerbating the demise of the cable bundle and being the Band-Aid that keeps it together. While opportunities exist for major sports properties such as the major professional leagues and power college conferences to tap new revenue streams from OTT platforms, the real beneficiaries of this disruptive new technology are smaller properties, whose avid fan bases are underserved by linear broadcast and cable TV.

“The battle for media rights on traditional television and OTT wages on, those teams/leagues that will be most successful will strike a profitable balance across all viewing mediums”

Paul St. John, Deloitte Sports Market Development Leader
Deloitte Services LP

The allure of selling media rights to networks is understandable. They present the best medium for properties to reach a large audience and earn a more lucrative rights fee. But opportunities are lost if all games are not available somewhere. The key for sports properties is to vigorously protect their media rights in negotiations with these networks. This extends beyond just digital and includes virtual reality and 4D as well. Whether it is early round golf and tennis matches, access to niche sports, or unique camera angles not shown during events already being televised, leveraging these rights for OTT platforms is the future of sports media.
Daily fantasy sports (DFS) barely existed two years ago. Today, whether DFS is considered a game of skill or a form of gambling, the service is having a significant influence on the debate over sports betting in the U.S. By federal legislation, fantasy sports are legal and sports betting is illegal — and DFS has blurred the line between the two. We anticipate that 2016 will see continued regulation of this burgeoning industry on a state-by-state basis. However, as the popularity of DFS grows and the prize pools get bigger, it may only be a matter of time until Congress is forced to address the overarching gambling question, especially with NBA Commissioner Adam Silver’s outspoken support of legalized sports betting.

If sports betting is legalized, it would create opportunities for a variety of stakeholders. Teams could profit by setting up betting kiosks in stadiums and arenas, similar to existing gambling options at horse tracks and European soccer stadiums. Leagues could sign lucrative sponsorship deals, license trademarks and proprietary data, and even consider operating their own gaming platforms as a way to collect a percentage of the billions of dollars bet on sports each year. More importantly, for both teams and leagues, legalization could result in increased interest and engagement by fans, driving higher TV ratings and ticket and merchandise sales. At the same time, legalization would not come without challenges. Federal and state governments, leagues, and governing bodies across both the professional and collegiate levels must introduce appropriate governance for heavily regulating sports betting in order to prevent the point shaving and match fixing scandals that have plagued the industry in the past. Though states can — and will — continue to move faster than Congress in regulating DFS, the prospect of legalized, nationwide sports betting is more possible now than at any time since it was outlawed in 1992. Whether or not DFS even is gambling, it is the catalyst for this movement.

“Legalized sports betting presents a huge opportunity for leagues to tap a lucrative revenue stream, especially at a time the sports media rights bubble threatens to burst.”

Brian Finkel, Deloitte Sports Research
Deloitte & Touche LLP
The sports industry is on the precipice of an information revolution: the proliferation and promise of wearable technology to reshape how players, teams, and fans look at the game. Combined with rapid advances in cognitive analytics — the use of machine learning technology to process and analyze big data — sports properties and lifestyle brands can leverage wearable devices to get real-time feedback on workload and performance in order to leverage training schedules.

The growth in wearable technologies and big data processing holds three possibilities for the sports industry, on the field and in the front office:

- Wearable technology can lead to advances in player health and safety, especially as sensors work their way into protective equipment and predictive injury analytics allow teams to better assess and prevent injury risk.
- The explosion in available sensor-based data, if translated into insight intelligently, can lead to ever-greater methods for evaluating players’ performances and contribution to team success.
- On the business side, customer data — including both structured data and unstructured data like social media activity — can offer sports marketers new insight into fan preferences and behaviors, and give teams and sponsors new opportunities to innovate in fan engagement.

The revolution in big data and wearable technology will not be limited to the pros. Whether it’s smartphones in pockets or smartwatches on wrists, most people already carry a device that can track physical activity. Over the next year, we anticipate these devices to both evolve and be more optimally used. Purpose-built sports wearable technologies sold to the mass market, can enable amateur athletes and casual gym goers alike to use data to improve their own performance or even “compete virtually” against their favorite athletes.

“Wearables will continue to be a game changer for coaching staffs, athletes, and fans. The ability to measure and track performance data and leverage analytics will ultimately empower teams to be more sophisticated about their game plan, athlete performance, and injury avoidance.”

Scott Mager, Principal
Deloitte Digital
Teams and leagues are running out of physical real estate to entice sponsors – there is only so much space in stadiums and arenas for static signage and a concourse presence. Within the major pro sports leagues, jersey ads are the last piece of “traditional” inventory yet to be claimed, and even the prospect of adding sponsor marks to game uniforms has been met with mixed reaction. Additionally, sponsors want more than the conventional logo slap. They want innovative and engaging activations to boost sales and build loyalty.

Given this landscape, teams and leagues will develop new marketing assets in order to grow sponsorship revenue. The most likely medium is through mobile and digital platforms, as the number of sports fans connected through these channels continues to increase. Fans already are using the web and social media to engage with each other and their favorite teams, providing a natural outlet to create unique, sponsored content. We also anticipate teams to reinvent existing assets:

• Venues that sit dormant on non-game days present an opportunity for sponsors to use conference space for their own B2B purposes
• In-kind sponsorships with technology companies can result in the development of proprietary analytical services to improve on-field performance
• The expanded allowance of game footage in TV ads produced by corporate sponsors as a way to further drive consumer engagement

One thing is certain – the days of basing sponsorship deals on the size of a fan base or number of impressions are long gone.

“Sponsorship opportunities continue to proliferate; it will be imperative for leagues and teams to have the capabilities to demonstrate a sustainable ROI to their sponsors.”

Michael Aronesty, U.S. Deloitte Sports Leader
Deloitte & Touche LLP
The Stadium of the Future

The home viewing experience has improved so dramatically in recent years that sports franchises must “compete with the couch” in order to attract fans to stadiums and arenas on gameday. From upgrading in-venue Wi-Fi to rolling out beacon-based location technology and expanding mobile concession ordering and retail purchasing, teams must invest in the technological infrastructure of their current venues to heighten fan engagement. The challenge is creating an environment where unique and meaningful event experiences can influence fan behavior over a long period of time and extend that experience beyond the game, beyond the venue, and beyond the season to create a true year-round relationship.

The stadium of the future must take into consideration the entire fan experience lifecycle – the process of buying a ticket weeks in advance to following up with the attendee in the days after an event concludes. The technology in these building must be sustainable, so that it can grow or scale with the advent of new innovations, and technological systems should learn from and adapt to fans’ usage patterns to better accommodate guests’ needs. Technology also should be utilized to create unique experiences, so that fans recognize the value of paying to watch an event in-person as opposed to at home. Finally, venues should accommodate and respond to a variety of fan needs, so every fan feels as if the event was personalized for them.

The stadium of the future does not necessarily need to be built from scratch. Given the large capital requirement to build a new venue, investing in “technological renovations” may be the best method for teams to increase attendance, boost fan loyalty and spending, and make stadium operations more efficient while creating the last memories fans covet.

“As fans choose between the sofa and the stands, teams can’t just fix pain points in the stadium experience—they must create and extend moments of joy that can only be experienced at live events.”

Brian Quinn, Principal Doblin
Professional video gaming, better known as eSports, is poised to continue its rapid growth and break into the mainstream of the sports industry in 2016. While eSports traces its roots to the 1990s, with the proliferation of broadband Internet, gaming has gone global. Already followed by an audience of tens of millions around the world, eSports has the potential to become even bigger as its appeal grows in new countries. With game publishers developing new competitive platforms and organizing their business around competitive gaming, and digital media companies hosting and live-streaming larger events, the competitive gaming industry is building a massive infrastructure for future growth. In fact, eSports may be the first truly digital sport. Live-streaming is the preferred method of viewership, traditional media is lagging behind, and there is a dearth of physical stadiums and arenas to watch games “in person.” However, it also speaks to the growth potential of the sport that a new eSports league will debut on cable TV in 90 million homes this year.

“eSports are emerging in the U.S. at a time where youth sports participation continues to decline. The implications from a viewership and participation standpoint could be quite significant.”

Ramya Murali, Senior Manager
Deloitte Consulting LLP

As the sport continues to grow, new commercial opportunities will emerge and scale for top gamers and companies. eSports offers sports marketers a new channel for advertising and sponsorship to reach key younger audiences around the world. They also could lead the way in targeted marketing within sports. Given the large online footprint, marketing rights can be bifurcated and sold along individual categories, with each viewer being shown a personalized ad campaign. In 2016, sports professionals should keep an eye on the premiere eSports events, not just to see the future of gaming and the next generation of sports stars, but as a case study in operating a league that knows no physical or geographical boundaries.
As with any starting lineup, there are always unknowns. We believe these are likely to be most influential over the next 12 months. But invariably new stories/trends/themes will emerge that will surprise and delight us as sports fans. Please tweet @DeloitteCB to share the sports trends or opportunities that are on your mind in 2016.

Deloitte Sports:
Delivering world-champion professional services to leagues, teams, and associations to help optimize their business performance and strengthen their brands globally.

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