

USER FRIENDLY

Shifting sports landscape with US Soccer

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Hanish Patel: Fans have more options to engage with favorite sports than ever before. There are a multitude of linear TV and streaming choices, and a host of emerging new offerings. Sports betting, as well as new fantasy and gaming options. These could all create new business opportunities and revenue streams, but they could also potentially oversaturate fandom.

The US global game of football, aka soccer in the US, is one sport that has experienced unparalleled growth here in the US, and only continues to increase in participation

and interest. But, as interest rises, how can teams and leagues create a cohesive and seamless experience for all the fans across these channels? And how do they make sure they don't fragment or dissuade the market with too many options?

These are just some of the questions in not only an evolving sport, but media landscape here in the US, where a multitude of entertainment options are vying for consumers, especially the younger generation's attention.

Joining me today to discuss the shifting sports landscape are David Wright, chief commercial officer at US Soccer, and Chad Deweese, senior manager in Deloitte's sports practice. David, Chad, welcome to the show.

David Wright: Thanks, Hanish. Great to be with you.

Chad Deweese: Thrilled to be here. I appreciate you having us.

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Hanish Patel: Brilliant. And, gentlemen, before we kick off, I have to apologize in advance to any of our US listeners, as I've always called it football, and it's hard for me to label it anything else. So, bear with me as we go through this, because I'm just always going to use a name that I grew up loving, playing the game, and continue to watch on this game. And, again, I'm going to geek out as a fan as well as a host, here. So, I apologize to our listeners in advance on that front.

But, without further ado, let's start jumping into it. So, David, I'm hoping to kick things off by helping set the stage for the evolution of football in the US, and where we are today. And, as chief commercial officer at US Soccer, what are some of the biggest opportunities you see for the sport, and why is United States Soccer Federation so bullish on commercial growth?

David Wright: Well, first, I really appreciate the time and the opportunity to tell our story. And I'm going to try to leave my bias at the door as well, but that may shine through a little bit as we have fun today.

I think it's safe to say the sport, of soccer—football, as you rightfully called it—is at a really, really dynamic period of time. And for those that have followed the game, you probably remember the impact of the '94 World Cup. And the impact of the '94 World Cup, and how that led to the launch of Major League Soccer in 1996. And let's not forget the 1999 Women's World Cup and the 2003 Women's World Cup, both hosted in the US. Fast forward 25, 30 years, and now we have over a generation that have grown up with the game. And I would very quickly point out that we find ourselves at the beginning of an 8-to-10-year run, unlike any 8-to-10-year run before.

Obviously our men just qualified for Qatar, and there's a ton of optimism as we head into that global tournament. Obviously the women will play in Australia and New Zealand in the Women's World Cup in '23.

Hanish Patel: Mm-hmm.

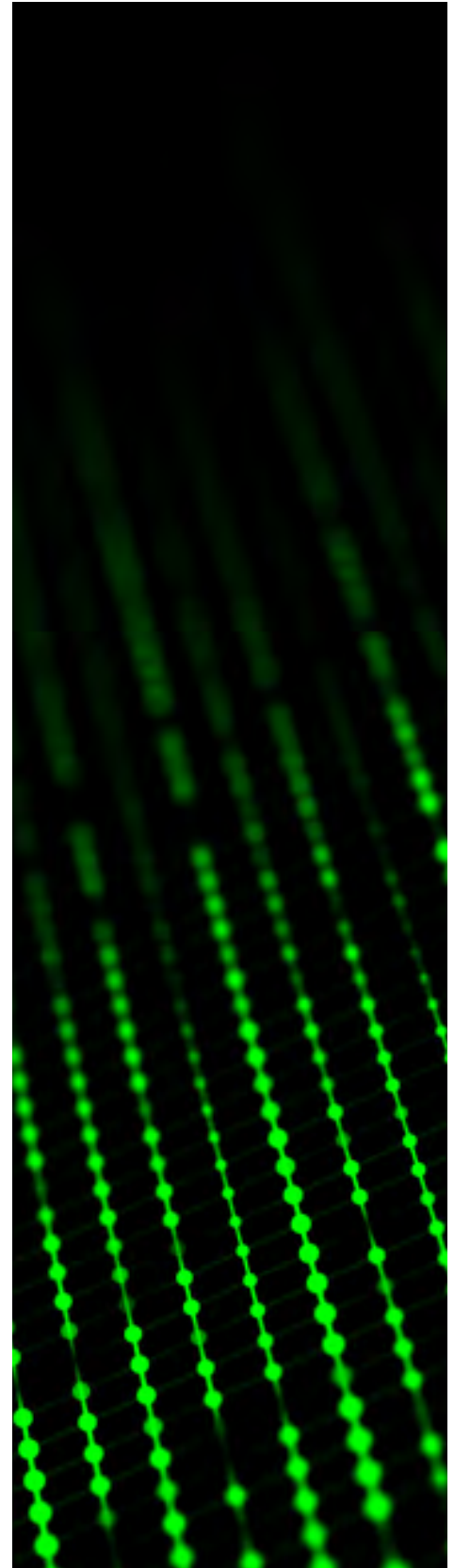
David Wright: And then, before we know it, we'll be hosting a World Cup in 2026 in partnership with Mexico and Canada. Followed shortly thereafter by L.A. '28, and hopefully, as we've been very bullish in saying, the ability to host another Women's World Cup as early as 2031. So there you have a very defined period of time where the sport, at every single level, will have a spotlight on it.

And there is a ton of research that supports the impact of global events on relevancy, participation, and fandom for a particular sport. And, you know, from where we sit, the sport is ripe for exponential growth, and it's a dynamic and super-exciting time to be a part of the game.

Hanish Patel: Now I'm on the edge of my seat here, David, right? As you talk about the next 8-to-10-year run, because I look back at just the sheer growth, as being a fan back in the UK of the game, and understanding more what's happening in the US, and the sheer growth. And if you're talking about an 8-to-10-year run that we haven't seen anything the like of, we're going to have to dig into this episode in a meaningful way to hear more about that.

But before we do, what I did want to do is, Chad, just give you the opportunity, if there's anything you want to add, given just how immersed you are in our sports practice, and what you've been leading for the firm in this space, and what you're also seeing about the growth opportunities over the last few years as well.

Chad Deweese: I echo David here too, Hanish. Thank you for having us, thank you for the time. I'm thrilled to talk to this audience. I fully agree with what David said about soccer, especially in the United States. When you look at all of the buzz that gets generated around any of our national teams, and the press that they generate is incredibly impressive. But then, you also see the rise in the Men's and Women's Soccer Leagues, and the valuations going through the roof. It's a really exciting time for soccer.



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It's also a really exciting time to be a sports fan. There is a plethora of options, more than ever, and growth is coming, not only for the big leagues now, but also for some up-and-comers. You see a rise in basketball leagues. There's two or three or four that pop up. There are more football leagues. You see a couple leagues around Lacrosse, which were probably unheard of 20 years ago. And there's even a league where you can watch people race drones.

The moral of the story there though is that it's never easier to get content out there. Every person can be a creator. And doubling down on good content is a way that people are starting to build brands for themselves. Surfing's a great example of a sport that used to be a niche sport that's created significant traction. And each of those types of sports I referenced are facing pretty unprecedented growth.

I do like the mainstays when you think about football, baseball, soccer, basketball—those have the most potential. But there's newcomers too, making it easy to be a sports fan, and also hard when you think about the options.

Hanish Patel: Yeah, that's fair. I mean, again, I'm going to try not to geek out too much as a fan, but I just look at someone who loves sports, there's a lot of options out there, for sure, right? And, certainly, it could be 24/7 if I wanted it to be, when I think about the global game and where things are at.

And I imagine I'm not alone in this. And it does strike me, and I did see a stat here or a stat somewhere so, David, I want to probe you to check the validity on this one. I heard somewhere that there is more football or soccer consumption in the US than any other country. Have I heard that correct?

David Wright: One hundred percent, Hanish. And, I mean, that was unfathomable 20 years ago. But to think that now there's more soccer consumed in the US than any other country around the world really speaks to the demand and why we're so excited.

Hanish Patel: You know, as you talked about, initially, of that evolution since the 1990s of football here in the US, right, there's certainly been some big shifts when it comes to the overall sporting landscape. And I think of it from a fan perspective, what would the two of you say to—when we look at the impact that it's had of fandom and the growth for the next generation of fans as it continues to build—how has that fan engagement evolved over that time? From, like you said, from the 1990s to where we are on the cusp of this next 8-to-10-year incredible growth that you foresee as well?

David Wright: You know, Hanish, I would say a couple things. You know, 20 years ago, you engaged with sport either because you attended a game or a match or you watched on linear TV, and so it was destination viewing. And now you fast forward, and I use my son as a perfect example. You know, I've got an 18-year-old son who's a soccer kid, plays at a high level. He's not played basketball competitively in 10 to 12 years, but if you were to ask our son Brayden to name his top 10 NBA players, not only could he do that, he could do it by position. So here's a kid that doesn't play basketball competitively, he plays soccer.

But because the NBA has done such a great job of promoting players and building stars and making content accessible, it's part of their everyday. So, gone are the days of engaging with a sport just through live attendance or destination viewing, and now it's 24/7, 365.

And those properties that have embraced that and have leaned into this next generation and understand consumption are winning the day. And, you know, we see a massive opportunity. To your point earlier, there's more soccer consumed, or football consumed, in this country than any other country around the world, and we think US soccer and the sport of soccer more broadly is ripe to continue to drive deeper and more consistent levels of engagement as we think ahead.

Hanish Patel: And maybe, Chad, I'll turn to you here, right? As we heard about that example from a basketball perspective, right, is how can these sports organizations, be they leagues or specifically teams as well, continue to really connect with the fans in an authentic and engaging way? Because I think about how the game grew up and how people first started playing and how they were engaged in all of that in a real way. How does that work now? Or how could it work for leagues and teams?

Chad Deweese: Well, I think, Hanish, it gets back to a little bit about what David said. He said to engage with sport you either went or you watched it on linear, and now there's multiple channels that sports try to engage you with. And that's whether it's social media, whether it's streaming platforms. The options out there are endless. And the good news is that fans are still watching full games, live games, maybe not at the rate that they were. We did a survey back in February of '22 of about 500 sports fans and 85% of them have watched a full game within the last year, which is a significant number.

Seventy-five percent have watched highlights, and then over 50% of them actually had subscriptions to watch sports-specific events. On the flip side of that, half of those fans actually felt burdened by the number of subscriptions that they had, and half of them missed an event because they couldn't get access to a specific channel. And so when I think about what organizations can do, David said it well around basketball, around building stars, creating that emotional connection that goes with the connection to a sport, but also make it easy to watch. It used to be easy to turn on your TV and you watch what's on, now you flip through many different apps to figure out what's on what channel and don't have that consolidated view anymore.

Hanish Patel: Let's dig into this a bit more, right? And you kind of talked to how it was linear and now many more opportunities, social platforms, other areas. So, think

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about just, I'll call it the digitization of sports, right? It's ongoing, it's transformative, and it's definitely spurred the growth of more aversive technologies and, you know, you've got esports, you've got sports bettings, and NFTs we're hearing so much about, or at least we have done over the last two years. As these lines continue to blur between, say, the real and the digital, I'd love to get a perspective from the both of you in terms of what sports organizations, and media and those players, do to combine to get the best of both worlds.

David Wright: You know, Hanish, I think there's a number of things. First, if I could go back to some of the discussion that Chad was going over, I think sport properties find themselves in a really interesting period of time where they're balancing reach with where technology and consumption is going. And I think it's widely reported, and not many people are going to disagree, that DTC is obviously here to stay and in the not-too-distant future is going to be where most sport fans, particularly next-gen sport fans, consume.

And I think for properties, it's going to be really important to find that balance. And we were very fortunate to just recently announce a groundbreaking partnership with Warner Media beginning in '23. And that was, as you can imagine, a big part of the discussion: How do we super serve our fans, provide access to as many as we possibly can while also trying to get ahead and look ahead to the future? Which is going to be driven by DTC. Is that three years from now, or is that seven years from now? I think, depending on who you ask, you would get a different response. So that's a real conversation that properties are having right now with media partners.

And then it's all about providing access in a real meaningful way. And the obvious example is sports betting and how that's being integrated into media platforms to truly engage with fans throughout, you know, in many cases, the live match. Virtual reality

and augmented reality, I mean, all of those are extensions that, I think, properties are haggling with and trying to figure out. And it's all about driving deeper and more consistent levels of engagement, which is critically important as we think to the future.

Chad Deweese: And I think to pile on to that, David, it's interesting because it used to be, put your game on TV, collect media rights, and there was your model for a sport. Of course, there was partnerships and tickets and things like that. But now, we're starting to think about different business models for sports properties to start engaging with. And the currency has changed to just being big checks from broadcasters to coming from a bunch of different places and transacting with users. So the licensing piece is still there but they're having to think about other ways to make money. And the new currency, I believe, is going to be data, as you start thinking about what you can learn about your fans and their behaviors and their interactions with you through the DTC channels you're talking about.

You mentioned a couple things, too, that I can pile on to: AR, VR. In our survey we actually asked how many people knew about or were familiar with those technologies, and then how many had actually tried them. It was interesting that 70% of people, regardless of age, were familiar with VR, and actually 33% had tried it, which was a mind-boggling number to me. The entry cost to try VR is pretty significant when you think about having to have a headset.

And then, 80% of millennials and Gen Z are familiar with it, which is not surprising. But 40% of them had actually tried it, which is a much larger number. And AR was only slightly below that. NFTs are another thing that, Hanish, you mentioned, and 66% of millennials and Gen Zs knew about NFTs and 40% actually had owned them. And I think, as David said, properties are trying to figure out new technologies, trying to figure out all of the ways in which to engage. And I'll give them a lot of credit—

sports properties are only as great as their brand, and they put their brand at risk a few times to try new things and have been OK with failing, which is a good lesson for smaller properties as they come in too.

Hanish Patel: So, I'm going to use a classic term in the game. It's a game of two halves, right? So switching to the second half, I'm going to shift gears a bit from fan to the organizational lens, right?

And when you look at talent from a business, or even an athletic standpoint, core values are essential to any organization. So, with that said, what are some of the ways that organizations can build the right ecosystem, the right culture, and the right partners around that to really put themselves in the right place of where you see the game going and how that shift in sports landscape is taking place?

David Wright: You know, Hanish, I love the second-half term. The question is, "Who's up?" Is it a draw, are we up?

Hanish Patel: (laughs) I would say we're always up, right?

David Wright: OK.

Hanish Patel: We're always up.

David Wright: All right. So, I think as we head into the second half, what's interesting about the first- and second-half topics, you know, one of the core themes is evolving and the need for organizations to evolve. Whether that's how you engage with fans, you know, what worked 20 years ago clearly doesn't work today. And those organizations that have been able to evolve are the one's winning the day. But I think as you look inward, it's equally as important that organizations continue to evolve.

I mean, it's no secret, we're all faced with kind of a new world, right? We have just gone through a really tough time, through a global pandemic. And by the way, we're

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not through it, but it has changed how we view work, or traditional work. And what may have been an in-the-office mandate, now organizations are having to look a little differently at that. And do they provide a hybrid situation?

I've been very public in saying that our greatest asset are the people waking up thinking about our business. And for me, with any organization, it doesn't really matter what industry, it starts with the true north. Like, what's the vision of that organization? And is it aspirational? Does it speak to me? Does it resonate with my core values?

Because that sets the tone top to bottom. And I think we have an enormous opportunity.

I mean, soccer is widely known as the most inclusive sport around the world. And we are committed to, you know, being a representative organization that has diversity of thought, that has folks from all walks of life. It's really the perspectives from all of our unique people that give us the best shot for success.

And that, to me, goes right back to the aspirational vision and the core values of the organization. And I think that's becoming more and more important for companies as they seek to compete in what is becoming a hyper-competitive marketplace, and one that I think we're poised for great success as we think to the future.

Chad Dewese: I'll pile on to that, sports have significantly outsized brands compared to the talent model that falls within the group.

The example that I like to use is a professional basketball team right now probably has a \$2 to \$3 billion evaluation, but there's 200 people that run that team. And you don't see that very often. And so thinking about trying to build a community that not only makes people a fan, but also

makes you a fan of your work is incredibly important. And then the ecosystem play in sports is in the spotlight right now, for sure, and will continue to be as organizations continue to evolve, like David said.

Sports is fortunate to have a lot of partners that they work with from a marketing relationship perspective. But also they're shifting now to more business relationships with more partners to help them evolve—and evolve at the pace that's expected to generate and please your fans.

David Wright: I think, Chad, you nailed it. And to my comment about core values, and the importance of core values, I mean, that has a real business impact. In so much that, we're so very fortunate to have industry-leading strategic partners. I mean, Deloitte is one. And I often find that in those conversations, if the core values don't align, it makes for a very short conversation.

And so I think you're seeing that more and more. Sure, that the investment is really important in a strategic relationship, but if the two organizations aren't aligned at the core, then it's typically a recipe for a short-term relationship. And I think we could not be more pleased with the strategic partners that we have, that are all aligned from a core value standpoint. And have allowed us, you know, to continue to grow over the years, and will continue to allow us to grow for many years to come.

Hanish Patel: I want to stick with where the two of you are going with this kind of core values, and you mentioned kind of top to bottom, right? And I totally get it, fully aligned when I think of the pinnacle of the game, the Men's and the Women's National Teams, right? But how do you really promote those core values, foster those core values, when I think about the grassroots elements of the game?

And here's where I'm going with this question, right? My kids played AYSO, and then, you know, played Club. And I think about how some of those values were driven

through there. Where do you see the role of the US Soccer Federation at the grassroots elements of the game, with things like AYSO and Club as young boys, young girls are really learning the sport, falling in love with the sport, and growing with the sport?

David Wright: Hanish, it's a great question. And I think, from where we sit obviously a national governing body, we're very fortunate to have member organizations that wake up every single day with a mission to grow the game. You know, the mission of US soccer is to make the sport of soccer the preeminent sport in the United States. And that does not happen if we don't have organizations like AYSO, like other youth member organizations, US Youth Soccer, Safe Soccer, US Club Soccer.

That's where the rubber meets the road. And that's where the first point of contact for millions and millions of kids happens, day in and day out. And I think from where we sit, we see a significant opportunity to work with our members on eliminating barriers to entry. To my earlier point, earlier in the discussion, you know, soccer is the global game because it's the most inclusive game around.

That hasn't always been the case in the US, and we see a significant opportunity to continue to work with our members to eliminate those barriers. It's very simple: The more people that play the game, the more people are going to live to be lifelong fans. I mean, Chad, you know this, there's a ton of research that supports that if you actually play the game, you're upwards of six times more likely to be a fan of that game as an adult.

And the point of entry is critical. We have over 100 members that are part of our national governing body and the incredible work they do day in and day out to grow this game.

Hanish Patel: You touched upon this earlier with Qatar, and you know what's going to be happening, literally, in the US in 2026. I'd love

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to get a perspective from the both of you. As we look forward, what do you see as the big opportunities on the horizon for football here in the US? But the sports industry, as well, with all of these marquee tournaments that are coming up in the immediate term, and obviously in the next couple of years?

David Wright: Hanish, I'll jump in from a football perspective. I think, you know, it's interesting, we went through a very thorough process not long ago to define what we're calling 2030 goals. So recognizing we're in this moment of time and like any moment in time before, how are we going to measure success? And it really falls into three buckets. Performance, so how are we performing on the field? Participation, to my earlier comment, how are we eliminating barriers and driving participation? And ultimately, how are we driving deeper and more consistent levels of engagement?

So, I think as we look ahead, I think you're going to see both our Men's and Women's National Teams continue to thrive. I'd also be remiss if I didn't mention we've got 26 other National Teams, from Beach Soccer and Futsal, Para, Blind, Deaf, which are critically important to providing opportunities for anyone that wants to play.

But I think you're going to see, from a performance standpoint, the US continue to rise and become a consistent contender at the global level, on both the women's and men's side. I think from a participation standpoint, as acculturation continues, and there's obviously significant demography shifts, you're going to see more and more kids align with the game. And that introduction that I spoke about will continue to be very important. I think we'll see more and more players stick with the game through their competitive life cycle.

And then finally, there's a lot of research that supports kind of this crescendo effect that happens with global events like the World Cup. And so, with line-of-sight now into hosting a World Cup in '26, with a generation

that has grown up with the game, with a foundation from soccer-specific stadiums, to media investments, to corporate America that's truly bought in investing billions of dollars, you're going to see more and more fans engage. And I think soccer is well-poised for exponential growth leading up to, and post, the '26 World Cup. And the same thing will happen, hopefully, should we be fortunate enough to host a Women's World Cup in '31.

So it's a really special period of time for the sport, and from where we sit across those three buckets, we expect continued growth over the next number of years.

Hanish Patel: Fantastic. So, before I blow the final whistle, as we say, on this episode, to the both of you, any final takeaways you'd like to leave our listeners with?

Chad Deweese: I think the one that I'll say, and I'll let you close this out, David, is get ready. The next 8 to 10 years for sports is incredibly exciting. Pace of change is faster than ever, as it usually is. There's going to be more stars for more people. There's really something for everybody right now when you think about the access that individual players have to the greater population.

And innovation is happening at such a rapid pace that it's going to continue to better engage fans where they want to be engaged, when they want to be engaged. It should be an exciting time to not only be a fan but participate in from the business side, as well.

David Wright: You know, Chad, I think that's well said. In its simplest form, the world is getting smaller. And however you want to access your sport, or sports, of choice has never been easier. And I think that access is only going to continue to increase. And those sports that evolve and commit to staying ahead of the curve I think are poised for great success. And quite frankly, those that don't will get left behind.

And we're really excited, specifically, for the sport of soccer, or football—that we're poised for great success and continued growth for many years to come. And lastly, just thank you for the time. You may be a little giddy, but so are we talking about the evolving landscape and specifically soccer in this country.

Hanish Patel: Fantastic. And here we go. I'm not going to let you go just yet, right. I'll keep with the analogy. It's the penalty shootout, right. And I think I'm going to lose this one, but I've just got to ask it, because is this me taking my host hat off and just being a pure fan. England face USA in the Qatar World Cup coming up; what's your prediction?

David Wright: (laughs) Oh, wow, that's a good one. And I believe it's the day after, it's the Friday after Thanksgiving.

So I think, from a business perspective, you're going to see enormous ratings. From an on-the-field perspective, I'm not going to go there quite yet, Hanish, but I will say, I like our chances.

Hanish Patel: All right, fair enough. I'm going to be bold, and I'm going to say England are going to win 3-1. How about that?

David Wright: I like it. We'll see. We'll have to have part two of our discussion post-match.

Hanish Patel: You got it. Chad, I'm not going to let you go away easy. I want your prediction.

Chad Deweese: I'll take US 3-1.

Hanish Patel: Ooh, there you go. There you go.

Chad Deweese: Every man has to have an opinion, right?

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Hanish Patel: (laughs) There you go. We're going to have to see where this shakes out, but gentleman, I cannot thank you enough for coming onboard. I don't even know how I'd even close up this episode, because I'm just always geeked out on this topic. But what I will say is from what the both of you have highlighted, one, the next 8-to-10-year run, that's going to be incredible in terms

of the growth and what we're going to see from an overall perspective for this given sport, but also what the fans are going to experience.

What it means for organizations that are involved top to bottom. Also I think that what's super exciting is that validation, and that's that. I'm still blown away that this is

the absolute biggest market when it comes to viewing the global games. So that's huge. But ultimately, thank you both for coming on. It's been so exciting listening to what you both have got to say, and I think our listeners are going to join me in that enthusiasm and that sum-up. So, thank you, and until next time, happy listening.

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