2020 Sports industry outlook
In an Olympic year, “golden” opportunities abound throughout the sports industry
2019 will be remembered as a year of familiar champions—and for the many new faces that burst onto the sports scene. For example, the US women’s national soccer team won its second consecutive World Cup, the Patriots captured their sixth Super Bowl, and Liverpool grabbed its sixth Champions League crown. Meanwhile, hockey’s St. Louis Blues and basketball’s Toronto Raptors won their first-ever titles, and in women’s tennis, Canada’s Bianca Andreescu and Australia’s Ashleigh Barty collected their first major championships. Off the court, ice, and playing field, several other hot topics grabbed headlines—and will continue to do so in the coming year.

This marks our fifth year of predicting the trends that we believe will dominate and disrupt the sports industry over the next 12 months. As we look toward 2020, we believe that five trends will have the biggest impact on athletes, team and league executives, and players across the sports ecosystem: 1) the rise of women’s sports, 2) the continued evolution of esports, 3) legalized sports betting, 4) college athletes maximizing their short-term value, and 5) 5G/sports in the cloud.

Buckle up—2020 promises to another fast-paced year of thrills, controversies, and surprises throughout the sports industry.

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Women’s sports continue to build momentum

Influenced by the 2019 Women’s World Cup soccer event, inspirational performers such as tennis legend Serena Williams, the emergence of youthful stars like 15-year-old tennis phenom Coco Gauff, and the continued growth of the WNBA, many companies now view women’s sports as a powerful diversity and inclusion platform. The momentum around women’s sports has also opened unparalleled opportunities for the creation of new professional leagues, franchises, corporate sponsorships, and increased ticket sales. This groundswell could represent a tipping point for women’s sports, powered by the increasing exposure of teams and athletes. Women’s professional sports may be well positioned to benefit from this wave of excitement.

However, women’s sports continue to have some challenges, including smaller prize pools, lower overall attendance, less attractive broadcast exposure, and fewer sponsorship dollars. Three key groups could play vital roles in addressing these issues:

• With an even brighter spotlight on women’s sports this year, sports organizations should consider doubling down on their investments. This could drive growth that not only benefits leagues and franchises, but women athletes as well.
• Sponsors should consider getting involved now to capitalize on the new opportunities and avenues for engagement that this growth area may create.
• Broadcasters can drive overall interest in women’s sports by contributing to the value of current deals.

Where do you see opportunities for growth in 2020?
2020 may also herald many new and evolving opportunities for women’s sports:

• Marketing products and services to young female athletes and nonathletes alike via youthful national icons, such as tennis’s Naomi Osaka and Olympic snowboarding gold medalist Chloe Kim
• Championing relevant topics, such as inclusion and diversity, via social media channels
• Supporting year-round female sports (such as the WNBA, college sports, and soccer friendlies) by leveraging the momentum generated by the record-breaking year for women’s sports in 2019
• More corporate sponsorships at professional sporting events to further enhance support, interest, and participation in athletics
Which strategies may facilitate growth?

Typically, women’s sports leagues have been modeled after men’s leagues. However, there are often unique aspects of women’s sports that create new and different opportunities. In 2020, leagues and teams can break the mold, embrace those differences, and engage fans in a new way.

One strategy for accomplishing this is to continue to focus on inclusive hiring strategies in sports, both on a team and league level. This effort should also extend to hiring practices for business roles, senior coaching roles and roles in the officiating sphere.

What should businesses be mindful of as they plan for growth?

Several other topics will likely attract considerable attention in the coming year:

• A spotlight on US women’s basketball at the Olympic Games Tokyo 2020, with the possibility of a seventh-straight gold medal for the women hoopsters, who have posted an overwhelming 100-1 record in international competitions.

• Increased social awareness, particularly in the LGBTQ sphere (the 2019 Women’s World Cup had the highest number of LGBTQ players ever to participate in the event).

• The potential for the largest attendance at a stand-alone women’s sporting event during the 2020 ICC Women’s T20 World Cup Final in cricket (Melbourne Cricket Ground has a seating capacity of more than 100,000).
Esports continues its rapid evolution

This is the third time in five years that esports has appeared among our top trends—and for good reason. In 2020, the global esports market is expected to generate $1.5 billion in annual revenues, primarily from sponsorships and advertising to an estimated global audience of 600 million fans. According to Deloitte’s 2019 Digital Media Trends Survey, 40 percent of gamers watch esports events at least once a week.

In 2020, we expect that the esports landscape will continue its rapid evolution. With esports leagues now entering their “junior year,” we’re seeing an acceleration of relationships among teams, leagues, and players. 2020 should also be the year in which traditional sports franchises fully establish effective business and broadcast models for their esports league counterparts, delivering fan experiences with mass appeal and determining the business model that will drive long-term growth and profitability.

Here are several other looming questions as we head into 2020:

• How will physical esports venues evolve, and how will traditional sports venues equip themselves for esports as a potentially significant new revenue opportunity? Will brands leading the charge on building venues into their business models (5 Degrees) reap rewards?
• Will traditional Western sports venues equip themselves for esports as a potentially significant new revenue opportunity similar to those in China and Southeast Asia?

Where do you see opportunities for growth in 2020?
As the esports ecosystem expands, we expect to see dramatic growth in streaming and broadcast sponsorships involving platforms such as Twitch, YouTube Gaming, Facebook Gaming, Mixer, and Smashcast; Huya, Douyu, and PandaTV in China; and OGN in South Korea, in addition to more integrated sponsorships that can occur in-game and as part of esports events. Esports players and personalities like Ninja and DrLupo are also likely to see further breakout success as esports continues crossing into the mainstream and more players than ever secure opportunities to work with endemic and nonendemic brands looking for ways to influence hard-to-reach audiences.

New branding and sponsorship opportunities are also expected to emerge—especially for brands that align naturally with typical gaming behaviors (such as energy drinks, meal delivery, and peripherals). However, it will likely be imperative that brands lead with authenticity and find ways that feel natural to the space, even for brands that aren’t typically associated with gaming.

With esports’ popularity skyrocketing, many markets are ripe for launching new franchise leagues and city-based teams. Other opportunities include one-stop solutions for players and teams to reach larger audiences across many different OTT or streaming engagement channels.

Which strategies may facilitate growth?
Until now, esports leagues, teams, and players have typically thought of fans merely as spectators. That should change—it’s time to start creating more one-to-one relationships with fans, leveraging direct marketing and CRM approaches not only to drive advocacy and talk value, but also to take advantage of the viewing behaviors and data coming out of engagement with esports leagues to drive greater monetization, awareness, and advocacy. Analytics is a key element of this—a better understanding of viewers can not only help create a deeper engagement loop, but also attract more brand sponsorship.
In-game analytics can also drive further engagement, as sports statistics are a core part of the fan experience.

The esports industry should also promote development of more esports-ready games and capabilities, with an emphasis on tuning and balancing gameplay. In addition, it should focus on providing more dynamic content and specialized challenges to players while working to promote and tie microtransaction opportunities to tournament gameplay. This applies not only to rewarding viewership, but also to monetizing it to a greater degree. Another priority is for industry participants to establish fairness and address cheating, doping, and violence in video games.

**What should businesses be mindful of as they plan for growth?**

The esports industry is still young, with more and more publishers developing and tuning their games to better suit the evolving needs of the esports ecosystem. In addition, engagement with esports is fragmented across streaming platforms, individual streamers, geographies, broadcast outlets, and the games themselves.

In such a fluid environment, game makers and esports leagues should avoid committing to a single business model. For now, it’s critical not to lose sight of the basics—especially the importance of cultivating relationships with fans.

As the esports industry evolves, regulatory bodies will likely become stronger, bringing more structure and compliance. In addition, the launch of streaming video games will further distort conversations around esports and gaming. It will likely take at least a few years for the value proposition to mature and for providers to shift substantial audience numbers to streaming. As a result, some game publishers may hold their IP with tighter reins, while others could launch exclusives (for example, on Google Stadia).

2020 is also likely to see increased contract negotiations and legal support—for players with teams and for players and teams with sponsors.
Legalized sports betting could make giant strides in 2020

The US Supreme Court lifted the federal ban on sports betting in May 2018, and since the ruling, 14 states have legalized the activity: Arkansas, Delaware, Indiana, Iowa, Mississippi, Nevada, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, and West Virginia. However, the jury is still out on the ruling’s long-term implications. Several US states are grappling with whether to join those that now allow sports betting. While many companies see opportunities to monetize sports betting, others raise concerns about legalized gambling’s potential impact on the integrity of sport—and their organizations.

Now that some states are more than a year into this experiment, we should start seeing meaningful data soon concerning how legalized sports betting is actually playing out across the United States. Many in the sports industry, for example, are waiting to see if Fox’s “Fox Bet” online betting app achieves early success.

One certainty is that legalized sports betting will increase the market for data—especially real-time data.

**Where do you see opportunities for growth in 2020?**

Sports analytics and data-capture capabilities will likely advance rapidly to keep up with the demand for “prop bets” (for example, betting on which player will score the first touchdown in the Super Bowl). Official league data will become more valuable, creating opportunities to sell access to this data at a premium.

In addition, there is great potential for lucrative sponsorship deals with bookmaking sites regarding usage of league logos and data (for example, the NBA and NHL both have agreements with MGM Resorts, and the NFL is now accepting sponsorships and advertising from casinos). Once more than 20 states legalize gambling, national advertising to become a first mover will likely explode—similar to the flood of advertising seen in a presidential election year. Title sponsors will likely try to own live sports and win new accounts.

It’s no secret that rampant illegal sports betting occurs in the United States. As more people move from illegal to legal betting options, there is room for massive revenue growth.

**Which strategies may facilitate growth?**

Given the critical importance of accurate, real-time data in the world of legalized sports betting, companies should focus on hiring sports-betting analysts and increasing their data-capture capabilities.

In-game betting can also boost fan engagement, with bettors partaking from home or while physically at games via use of mobile devices, in-seat screens, and betting kiosks. Companies can also collaborate with video streaming services to create a complete, on-screen betting experience. However, data latency could pose a problem here; while pregame betting can be conducted, data availability could lag behind the action during live games.

**What should businesses be mindful of as they plan for growth?**

To date, sports betting (specifically online) has been legalized only in a limited number of US states, and legislation in other states may take longer than expected. Growth and earnings potential for online sports betting will likely be severely capped until widespread legalization takes place.

Within states that do legalize sports betting, there will likely be severe competition with sports books and gambling houses for market share (sites such as FanDuel and DraftKings have the advantage of a loyal betting user base).

As legalized sports betting expands, there is the potential for corruption and bribery among players, owners, teams, and leagues. This could tarnish sports brands and jeopardize the reputation and legality of sports betting. For this and other reasons, new compliance oversight is needed within leagues and teams to assist with the introduction of legalized sports betting. In addition, leagues and teams should comfortable that their partners have adequate safeguards and alert systems to ensure compliance.
College athletes look to maximize their short-term value

In October 2019, the NCAA said it eventually intends to allow college athletes to earn compensation for the use of their name, image, or likeness. However, the NCAA is just starting to work out the details of how this compensation plan would play out. The NCAA’s announcement comes on the heels of California’s Fair Pay to Play Act, signed in September 2019, that would allow college players to strike endorsement deals and hire agents. The California law is scheduled to take effect in 2023.

These developments raise a host of questions—and potential opportunities—for athletes, sponsors, and advertisers alike.

Where do you see opportunities for growth in 2020?

Although it may not happen in 2020, there is growing potential for college athletes to become their own brand, with the ability to profit from their various likenesses (name, image, and so on). This could be accompanied by the creation of “college sports free agency,” in which athletes would be free to go where they have the greatest ability to profit off their likenesses. If athletes are no longer forced to stick with the brands with which their school is affiliated, this could potentially allow companies to capitalize on many new branding and sponsorship opportunities.

In terms of opportunities, it’s unclear how the compensation issue will play out for well-known vs. relatively unknown college athletes. For example, after Ed O’Bannon challenged the usage of his likeness in a college basketball video game, EA Sports was forced to discontinue its successful college football video game franchise in 2013 (it had stopped production of its basketball game in 2009). Based on recent developments, is there a chance that college sports video games will reemerge, using the likenesses of actual athletes? If so, will big-name stars be more highly compensated than lesser players featured in the same video games?

When it comes to compensation, college athletes will be getting a helping hand from the NFL Players Association (NFLPA), which has partnered with the National College Players Association (NCPA) to promote marketing and licensing opportunities for college athletes—including the distribution of broadcast rights.

Which strategies may facilitate growth?
The opportunities outlined above will likely require some essential strategies:

• Offering incentives to athletes willing to remain in college throughout their period of eligibility. This could reduce the number of athletes who feel they need to go professional early.

• Creating non-athletics-related promotional activities.

What should businesses be mindful of as they plan for growth?

Marketing organizations should be aware that college athletes have the potential to create new revenue streams and ways to connect with younger audiences. However, as college athletes develop their own brands, they’ll be hiring representation for their brands. As a result, organizations looking to hire college athletes to market their products will likely have to deal with agents and agencies.

When college athletes gain the right to use their brand, some will probably not yet be of the legal age for signing contracts. Will parents, guardians, or other parties have the right to make decisions for them?

If college athletes begin receiving compensation, another issue is the burden this may place on taxpayers for public institutions, as well as on smaller schools that generate less revenue. Are there other sources of funding (Pell Grants?) versus actually paying athletes?

Colleges will also need to adhere to Title IX compliance guidelines and ensure that player agents follow the Rich Paul Agent Rule (agents who work with student-athletes must have a bachelor’s degree or be certified with the NBAPA and in good standing).
5G and cloud computing open new possibilities in sports

As 5G wireless technology is rolled out during 2020, its faster transmission speeds can reduce latency for fans—both at home and in stadiums.

These low-latency, high-volume communications are precisely the kind of connections that real-time sports bettors are likely to desire. And 5G is already being deployed in sports stadiums, sports bars, and other venues where such betting might take place. In addition to 5G, AR/VR and OTT solutions stand to benefit from the rapid rise of sports betting.

Increasingly, it’s also likely that many sports applications will rely on 5G-enabled edge computing—a system’s ability to rapidly store, process, analyze, and act upon data at the edge of networks. By enabling data aggregation and processing at the edge (rather than a data center), leagues and teams can achieve bandwidth savings while also reducing latency and improving reliability. For sports fans, this means they can get lightning-fast, real-time data—precisely when and where they need it. This includes near-instantaneous relay of cloud-computing data based on in-game adjustments made by managers and coaches.

Where do you see opportunities for growth in 2020?
In-stadium fan experiences can be revolutionized as mobile devices provide instant replays, live-TV graphics, faster connectivity, and expedited food and beverage orders. Monetization of 5G-enabled VR devices can allow fans to experience live games from virtually anywhere and with friends across the globe. Mobile devices will soon be able to match the latency and quality of consoles for esports. Hologram broadcasts are already being explored by some broadcast companies as a legitimate use case of 5G’s speed. Service and streaming providers will be able to monetize higher-quality, immersive, and added-value broadcasts.

Telecommunications providers may also have an opportunity to capitalize on real-time sports betting by providing high-speed links to gamblers looking for an edge.

Which strategies may facilitate growth?
As a next step, cities, leagues, and teams should incorporate 5G capabilities into major sports stadiums across the United States and Europe. Fourteen NFL stadiums have already begun to implement the service, and a few NBA, NHL, and soccer arenas have done the same.

5G should also become more accessible. In the next couple of years, 5G’s capabilities will become available to a larger consumer base as Verizon and AT&T execute their plans to expand to 30+ US cities. Current trials can provide valuable information on how to monetize performance and the customer experience.

What should businesses be mindful of as they plan for growth?
Seventy percent of providers’ 5G launch plans revolve around sporting events. In addition, 74 percent of mobile traffic will be through video in 2024, meaning full integration and understanding of 5G services are high-priority action items.

However, because most of the in-stadium capabilities mentioned above are currently available only in certain sections of venues, patience and control of marketing for 5G will likely be key. And 5G’s lack of availability in various parts of the country will likely lessen its impact on the gaming world early on.
Endnotes

1. “Carol Callan Elected FIBA Americas President,” USA Basketball, June 15, 2019.
12. Mike Dano, “Editor's Corner—Real-time, high-speed sports betting is the best use case for 5G,” FierceWireless, June 1, 2018.
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