

COVID-19 Impact on Sport

COVID-19 INSIGHT SPORT AND ENTERTAINMENT

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Like many other industries, the pandemic has seen sport grind to a halt over recent months. As sport emerges from the shutdown, we analyse how sports marketers and rights-holders have had to adapt and what the crisis means for the future of the industry.

With the pandemic cutting the global sports calendar in half and revenue in the industry predicted to be down by \$61bn (nearly half of its planned revenue), there has been an unprecedented and incomparable impact throughout the whole sporting ecosystem – from brand sponsors, advertisers and media rights owners to leagues, teams, athletes and fans.

As the industry emerges from the impact of the pandemic, and counts the cost of cutting

live competition short, it remains difficult to imagine how the sporting landscape might look in the aftermath longer term. In the recent short-term, sport has still very much played a role in entertaining and maintaining community.

There are a number of organisations involved in sport whose long-term respect and value among fans will be based on how they have reacted in this situation, and the challenge for any sport organisation and brands with a number of sporting assets is to know how they can reinvent themselves to generate value for their fan-base and the sporting community.

Media organisations, rights holders and sports marketers have had to react and adapt quickly with new programming schedules, virtual live entertainment and a plethora of different types of sporting content to fill the void, to stay in touch with fans at home and to fulfil various stakeholder contractual value. We have seen a huge spike in digital creativity and innovation in how the ecosystem entertains fans. There has also been a distinct rise in the attention share of gaming and eSports, which continue to see uncharted viewership figures and increasing sponsorship revenues.

Broadcasters are leaning heavily on original and archived content, as well as a flurry of new eSports events, to keep consumers engaged. Meanwhile, some subscription-based businesses, including linear and over-the-top (OTT) services, are pulling down their paywalls to give new and existing customers access to free non-live sport content. Examples of those who have led this approach include the NFL, NBA and F1.

In short, many sports are doing their best to manage this difficult situation. The past few months have seen some record-breaking digital engagement and content viewership numbers. The pandemic has also provided sport organisations with the opportunity to build significant digital fanbases in a responsible manner. However, there are some big challenges ahead to overcome in the DTC market.

As sport gets through the immediate crisis period and live sport begins to emerge, albeit initially behind closed doors, there will be a need to reflect properly on the long-term impact and current weaknesses in the structures that the crisis may have exposed, and the viability of some formats and commercial structures in place.

In the long-term we could see the acceleration of macro trends, including technological innovation, new demographic tastes, behaviours, needs and values and the globalisation of sports, that have been shaping the industry for a while. The acceleration of these trends could see the sport industry change more in the next decade than in several decades preceding it. However, what is clear is that consumers' passion for sport will not change. Instead, the questions are 'what type of sport will command the most attention after the crisis and who will win the scheduling battle?', 'how might sport be optimally structured moving forward?' and 'how will it be consumed and enjoyed?'

Chief among these trends is the impact of technological and digital innovation. Sports in the round need to develop a deeper direct engagement with fans and a more diversified content strategy to fulfil new demographic needs and changing behaviours. The relationship needs to go beyond the consumption of live events across broadcast. D2C video strategies are becoming central to sports evolution due to the valuable data-driven fan interaction they can provide. As we enter a global recession and brand marketing budgets get squeezed, the need to provide direct data-driven digital fan engagement in its many forms and validate sponsorship effectiveness through these digital connections is crucial.

On the flip side, digital activation opportunities provide brands with a much more targeted and measurable way of harnessing the power of sport to interact with what will maintain a hugely passionate, engaged and content hungry audience. Covid-19 is giving the whole industry an opportunity to rewrite the rulebook, shaking up which companies invest in sponsorship and how rights can deliver value for fans and their commercial partners. We believe the digital business revolution of sport sponsorship will help the industry in the long-term maintain growth and combat other forms of entertainment vying for a fans attention.

For more data and questions to ask for your business, you can read the full report [here](#).