

PwC Global Sports Survey 2023: **Middle East Reflections**

Robust growth prospects, digital natives and rapid innovation drive confidence in Middle East sports sector



<http://pwc.com/me/sportssurvey2023>

Forward

A promising future for the sports sector is emerging from the rapid transformation happening across the region. Our latest and seventh edition of the **Global Sports Survey 2023** is characterised by a spirit of optimism that reflects robust growth prospects, new perspectives of digital natives and the habits and lifestyles of a diverse population. This sentiment is shared across all territories, but the North America and Middle East markets have shown greater confidence in the sector.

Since 2016, PwC's Global Sports Survey has examined the pulse of the worldwide sports industry by analysing industry leaders' perceptions of the challenges and opportunities they face in a rapidly evolving market. Drawing responses from 507 sports leaders from 43 countries, this edition deep dives into the trends that will shape the future of the world of sports.

In the Middle East, sport is woven closely into people's lives. It has been an effective tool in building communities, inspiring a growing generation of health-conscious citizens and strengthening the region's reputation on the global stage. The World Economic Forum has reported that the Middle East's sports industry is expected to grow by **8.7% by 2026** – compared with global sector growth of **3.3%** over the same period. The region's increasingly packed calendar of global sporting events, showcasing its institutional and organisational strengths globally, as well as the trend of high-profile athletes choosing to train here and continue their legacy, has elevated the profile and positive outlook of the Middle East.

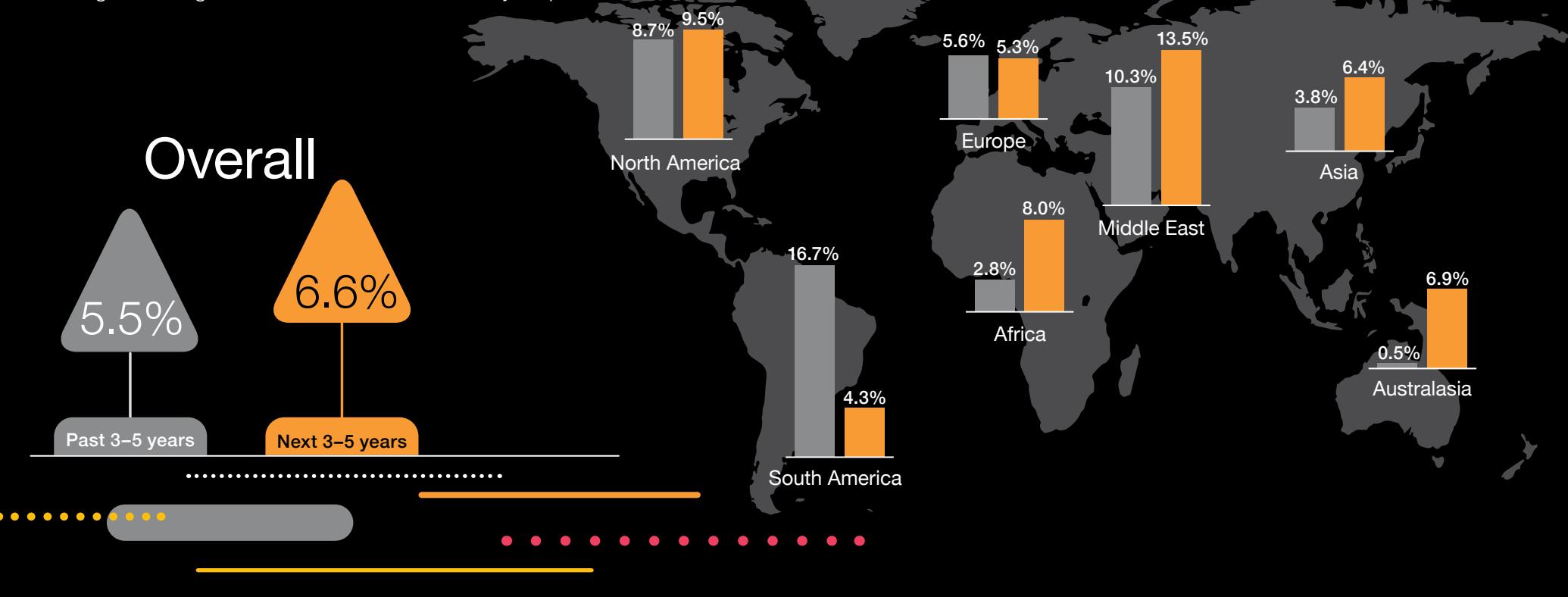
Besides the overarching optimism that survey respondents have demonstrated in the regional market's growth prospects, our findings from Saudi Arabia, the UAE and Qatar reveal that sports revenue is expected to increase in the Middle East in the next five years. The 2022 FIFA World Cup in Qatar has set a benchmark for the region and globally in several areas, such as the construction of highly digitalised "smart stadiums," highlighted in this report.

Meanwhile, the Middle East's rapidly expanding women's sports market is acting as a key growth driver. Today, Arab women athletes are in the spotlight, standing tall and breaking barriers in tennis, cycling, running, triathlons, and other sporting events in the region and globally. This aligns with the global survey trend, with more than 75% of worldwide respondents expecting revenues from women's sports to increase by more than **15%** annually over the next three to five years.



Market growth outlook by respondents' best known market

Percentage annual growth estimates over a 3- to 5-year period



Market growth outlook by stakeholder

Percentage annual growth estimates over a 3- to 5-year period

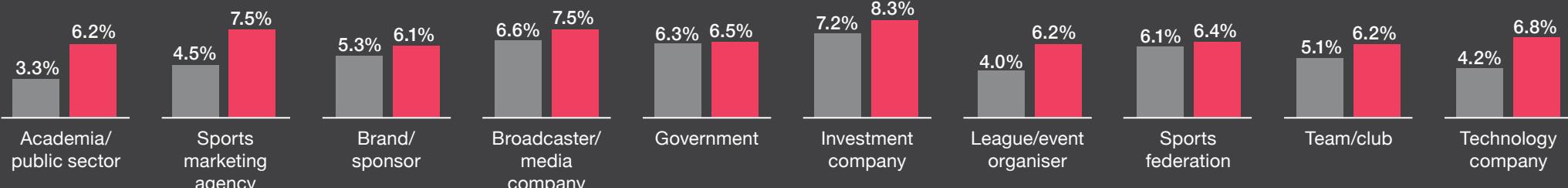


Figure 1: Leading the field – Middle East sports leaders are the most upbeat about their home market's growth potential

Source: PwC Analysis, N = 507

On the back of the Global survey, the following local trends underpin the region's strong growth prospects:

Significant government expenditure in sports as part of ambitious national transformation agendas

Rapid adoption of robust technologies, enabling the industry to maximise digital opportunities

Increasing private sector investment in sports, driven by the industry's positive outlook

Rising public physical and mental health awareness in societies with a young population



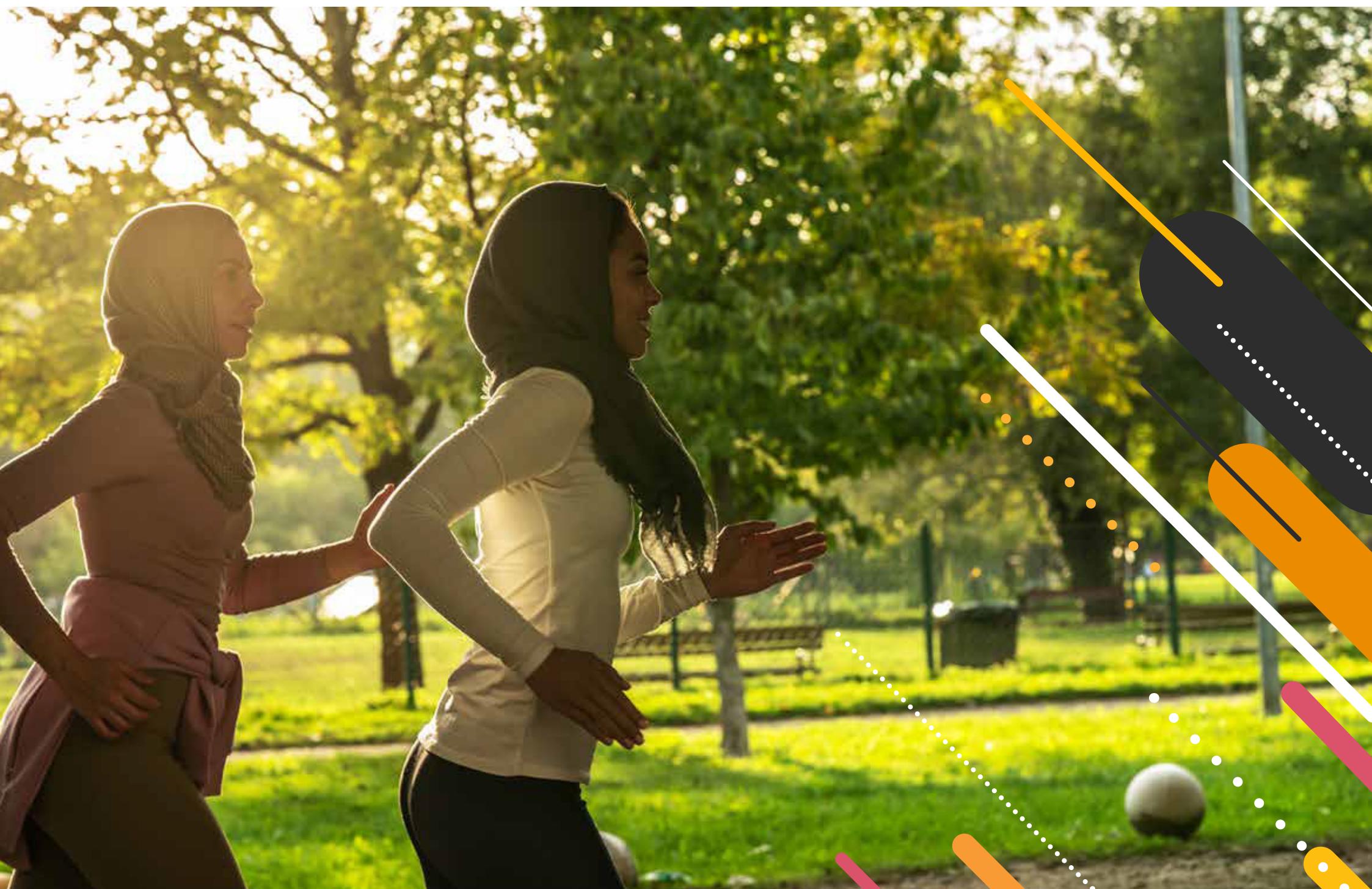
These features will continue to propel growth as:

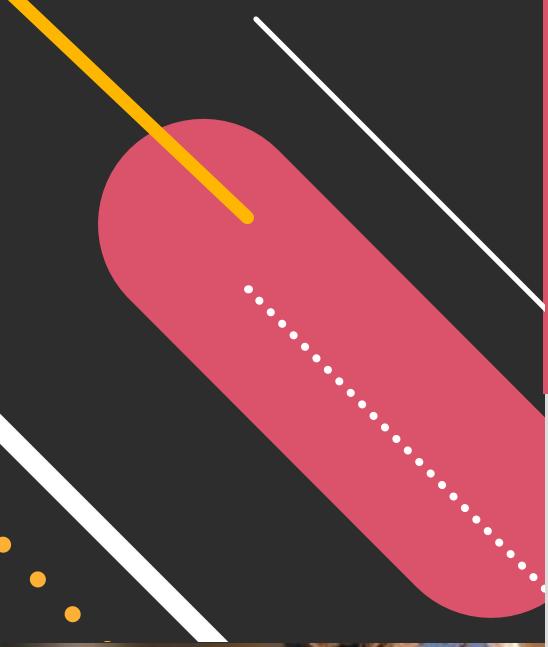
Institutional investment continues to increase

A vibrant commercial landscape attracts global brands

Women's sport presents new opportunities

Sustainability in sports takes on new dimensions with smart stadiums





Area 1

Catalyst for change: Institutional investment driving growth



Our global survey reveals a growing interest of institutions to invest in the sports sector, with 83% of respondents expecting further growth during the next three-to-five years (see Figure 2).

How will institutional investment impact the sports sector?

Percentage of respondents

Institutional investment has had a largely positive impact on the sector in the last 3-5 years

69.9%

N = 402

Institutional investment has had no significant impact on the sector in the last 3-5 years

30.1%

Investment in sports is driven by investors seeking above-average returns

59.8%

N = 455

Investment in sport is driven by sentiment and passion rather than by return-on-investment

40.2%

Institutional investment in sport will continue to grow in the next 3-5 years

83.3%

N = 461

Institutional investment has reached a ceiling and will decline in the next 3-5 years

16.7%

Institutional investors will continue to focus their investments on premium properties

67.6%

N = 457

Institutional investors will shift their focus to non-premium properties and assets in the broader sports ecosystem

32.4%

Institutional investors and sports organisations have aligned objectives

26.0%

N = 442

Institutional investors and sports organisations do not have aligned objectives

74.0%

Source: PwC Analysis

Figure 2: Institutional investors: aiming high in search of major returns

In the Middle East

The Middle East's sovereign wealth funds and government-backed investment groups are at the forefront of this trend, as governments are keen to use sport as an economic diversification tool. In Saudi Arabia, for example, the Public Investment Fund (PIF), has acquired a majority stake in the English Soccer Club Newcastle United in 2021, while Paris Saint-Germain, is owned by Qatar Sports Investments (QSI), a subsidiary of Qatar Investment Authority (QIA).

Privatisation is set to be a game changer in the region with the PIF's recent announcement of the Clubs Investment and Privatisation Project. The transfer of ownership of four major SPL clubs, Al-Nassr, Al-Ittihad, Al-Ahli and Al-Hilal will create a massive impact in the region, accelerating the progress of the SPL with cutting-edge technology and innovation, ensuring its sustainability and competitiveness among the world's elite football leagues.

Such institutional investments in the Middle East look beyond direct monetary returns to increase the prestige value of the region. For example, the ADQ sovereign wealth fund's ownership of Etihad Airways, Manchester City's main sponsor, has helped promote Abu Dhabi as a global tourist and business destination.

In the region, mega-projects are also providing rich opportunities to incorporate sports as part of recreational developments. A prime example is Saudi Arabia's Vision 2030 Qiddiya mega-project in Riyadh, which began construction in 2019, with the PIF as the lead investor. The first phase alone, due for completion in 2023, includes 45 individual sports and fitness facilities, ranging from bicycle paths to a potential Formula 1-grade motor racing circuit. We see a similar trend in Diriyah, Al Ula and Neom.



Key Middle East insights:

- Diversified investments across different sports and recreational activities, leveraging the region's schedule of major international events and growing health awareness
- Sports clubs and federations starting to operate more like businesses
- Different forms of direct and indirect investments aimed at generating returns from more than one source via other subsidiary companies
- Major investment opportunities generated by national transformation programmes such as Vision 2030 and associated mega-projects
- Need for public and private sector funds to align potentially high-risk sports investments rigorously with overall strategic and financial targets

Area **2**

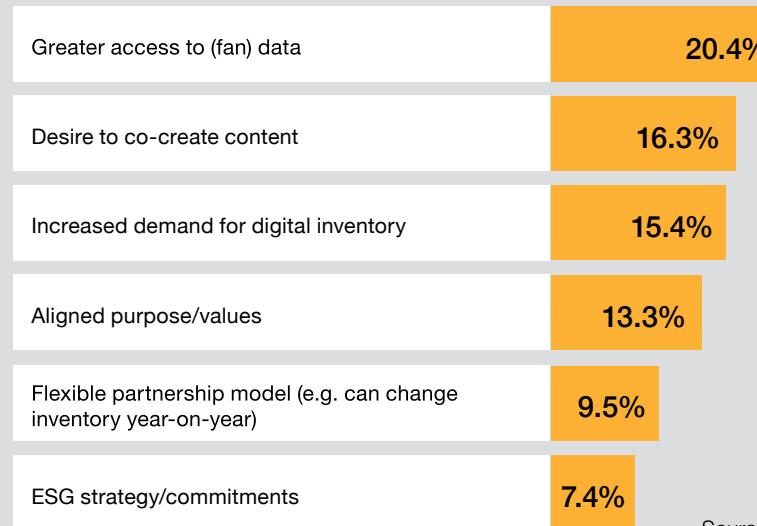
Global brands to regional fans: A vibrant Middle East commercial landscape

Globally, our survey results have confirmed that companies and brands are increasingly understanding the huge revenue-generating potential of new digital technologies when they sign partnership deals with sports organisations (see Figure 3).

In contract negotiations, a significant proportion of respondents say their top priorities are greater access to fan data, along with opportunities to create and share branded content.

How are the expectations of brands that partner with sports organisations changing?

Percentage of respondents, top three choices



Source: PwC Analysis, N = 444

Figure 3: Expectations of brands that partner with sports organisations



In the Middle East

In the Middle East, global brands are showing a similar keenness to connect with regional fans.

This year's Formula One Grand Prix races in Bahrain, Saudi Arabia and Abu Dhabi showcase a robust commercial sports opportunity in the right place at the right time. For a premium automobile brand, such as Ferrari, or an energy drink company like Red Bull, the Middle East's youthful, increasingly affluent market is a prize worth paying for.



Esports in the region is also creating strong opportunities for technology and gaming companies:

During the pandemic there was a surge in esports in the region. Now as a global Esports hub, the Middle East presents a huge commercial potential for technology and gaming companies. Microsoft, Intel and HP have backed the inaugural Dubai Esports Festival in November 2022 and are keen to be a part of the Global Esports Games, scheduled to be hosted in Riyadh in December 2023 as they realise the growing regional fanbase - young, globally connected digital natives - much akin Esports fans everywhere.

Case study:

The Saudi Pro League (SPL)

Big money, even bigger dreams:



Last autumn, two events signalled Saudi Arabia's arrival as a seriously ambitious footballing nation. One was Saudi Arabia's shock victory over the eventual winners Argentina, in the opening round of the 2022 FIFA World Cup in Qatar. The other was the signing of Portuguese superstar Cristiano Ronaldo by the Riyadh SPL club Al-Nassr.

With Ronaldo, Al-Nassr and the SPL have acquired a one-man global brand that they hope will accelerate Saudi Arabia's rise up the international footballing ranks while attracting major global brands and sponsors to the league.

Even more recently, the signing of Ballon d'Or winner Karim Benzema by SPL club Al-Ittihad and Champions League-winning forward Roberto Firmino by Al Ahli on a three-year deal are other significant milestones for the league.

Multiple big names joining Saudi football teams have made the country a much-preferred sporting destination and has boosted the profile of Saudi clubs, which in turn has helped attract lucrative sponsorship and broadcast deals.

Ronaldo's arrival last year helped the SPL secure broadcast rights agreements to show the ROSHN Saudi League in 36 territories, including in four of the 'big five' European markets. His signing also instantly boosted Al-Nassr's Instagram account from 800,000 to more than 15 million followers, as well as causing a 1200% increase in ticket demand. Karim Benzema's impact has been somewhat similar too. The SPL's initial revenue target is to grow from the current \$120m a year to \$480m by 2030 and the league value is expected to grow from \$800m to \$2.14bn in the same period, thus closing the gap between them and the top five leagues in world football.



Commercial value aside, the impact of players like Ronaldo and Benzema also extends to the future talent development in the region, particularly amongst the youth. Having home-grown Saudi players brush shoulders with some of the best players the game has seen, it is hopeful that the quality of players the country can produce will increase significantly. One metric of this is seeing Saudi Arabian players in European football leagues soon.

But despite the clear monetisation opportunities available through broadcast rights, and physical and digital partnerships, priority must be given to innovative technology to drive engagement with SPL's most vital key stakeholder, their fans. Without their sustained engagement, the SPL will struggle to achieve its goals. The best long-term indicator of whether the SPL is on track to become a major football league will be the number of playing fields incorporated in mega-projects and smaller developments and the number of players engaged in these fields.

Key Middle East insights

- The region's sports clubs, leagues and organisations can develop new online revenue streams by leveraging the Middle East's high social media engagement levels to connect with fans
- Partners and sponsors are increasingly attracted to Middle East sports events where new technologies provide instant access to fan data and other assets with commercial potential

Area **3**

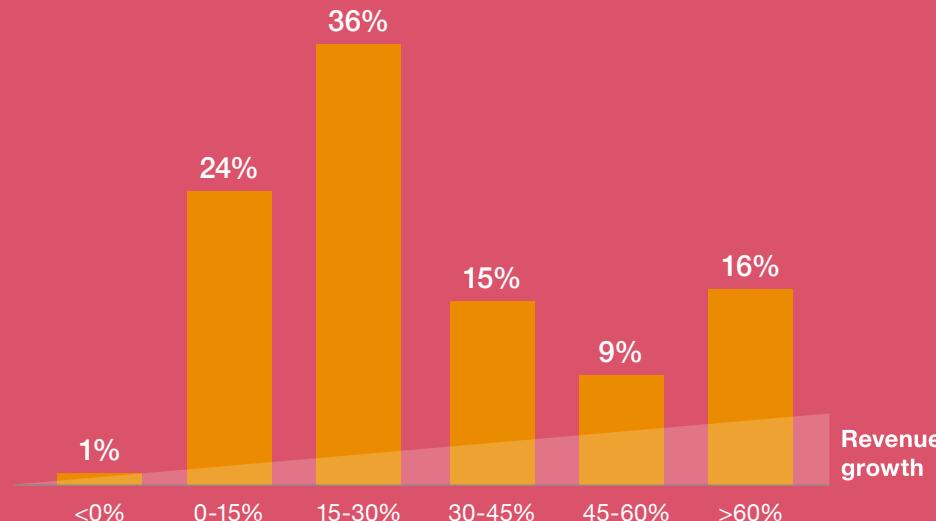
Women's sports in the Middle East

Rapid growth as female athletes leave their mark

As the women's sports landscape grows and becomes more diverse, it now presents a growing investment opportunity, with the potential to unlock further value within the sports sector. More than 75% of our global respondents feel revenues from this market will increase by more than 15% annually over the next three to five years (see Figure 4).

Expected revenue growth of women's sports in the next 3-5 years

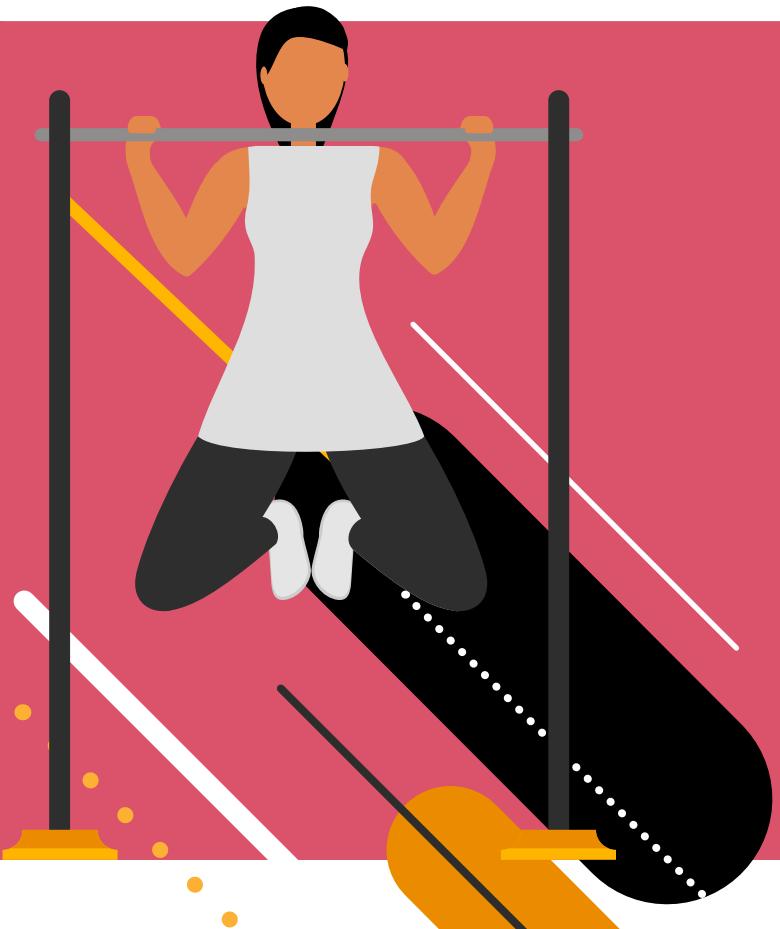
Percentage of respondents



Source: PwC Analysis, N = 463

Figure 4: Women's sports – a promising future for investors and sponsors too

The global survey has revealed that more stakeholders are now recognising the untapped growth potential of women's sports, and women in sport. The key challenge now is to capitalise on the current momentum to create lasting change to ensure this develops into an economically sustainable sector



In the Middle East

In the region, women athletes have excelled in a field traditionally reserved for men. From football to tennis and even sailing, they are making headlines, opening up the possibilities for private sector funding and sponsorships in women's sports.

In Saudi Arabia, for example, women's participation in sports has increased by over 150% in the last few years. The country has also seen significant progress in including women in the business side of sports, with more and more women now taking senior roles and positions at sports federations, the Saudi Olympic Committee and the Ministry of Sport.

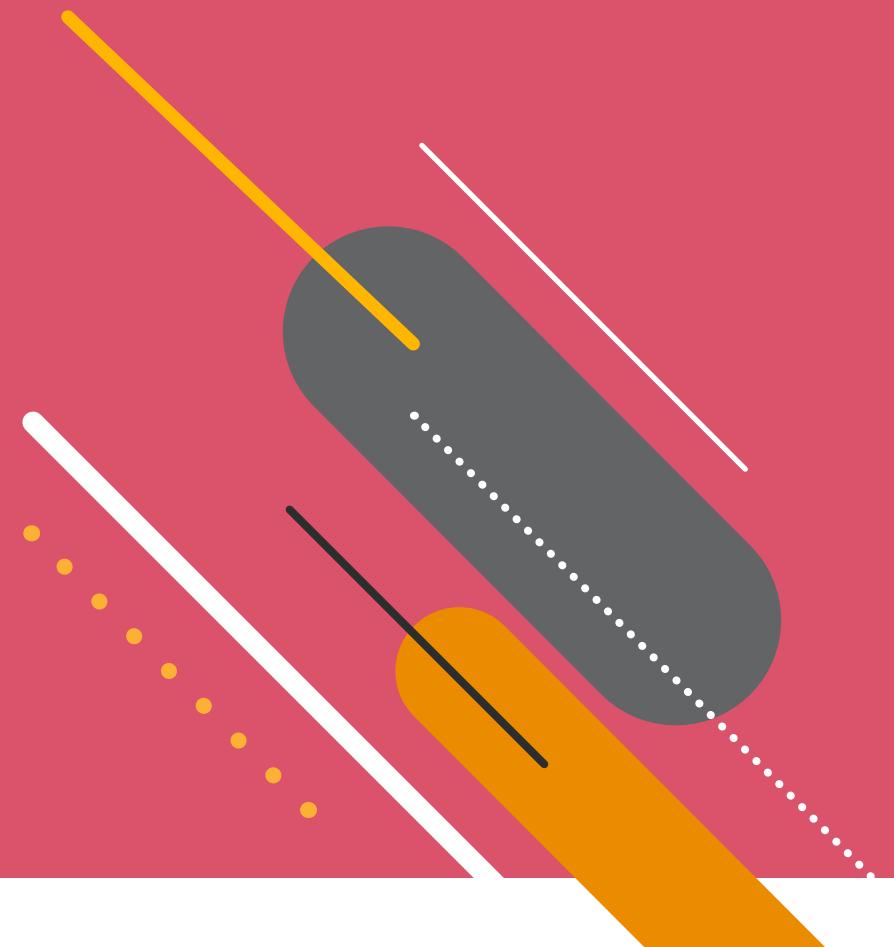
Women's sports in the Middle East are now an integral part of national health and wellness transformation agendas as well. For example, empowering women through sports is a goal of Saudi Arabia's Vision 2030 programme, while the Dubai Sports Council's Women's Sports Committee has been promoting female participation since 2006.

In the last few years, the emergence of women-only sporting environments point to the increased participation of females. The Sheikha Hind Women's Sports Tournament, held in Dubai in November 2022, is an indicator, but a better metric is arguably the rising number of Middle East women who are now seen at gyms and fitness centres, or playing padel with family and friends. The rapid expansion of sports facilities to cater to their needs, points to a strong government support towards improving health and fitness levels in women.



Key Middle East insights

- GCC government transformation agendas are helping to drive the rapid growth of women's sports across the Middle East, in line with the global trend
- Developers and investors in Middle East mega-projects should factor in rising demand by women for sports and physical fitness facilities



Area 4

Sport and sustainability

How Qatar's smart stadiums set a new global standard

In our Global Sports Survey, almost 49.7% of respondents placed sustainable, long-term usage of sporting venues as their second-most critical sustainability priority for major sports events. In this regard, the eight stadiums constructed by Qatar for the 2022 World Cup represent a new level of sustainable design, from deployment of the latest digital technologies to lowering environmental impacts and the creation of sustainable job opportunities for Qatari residents across multiple sectors, notably in tourism and hospitality.

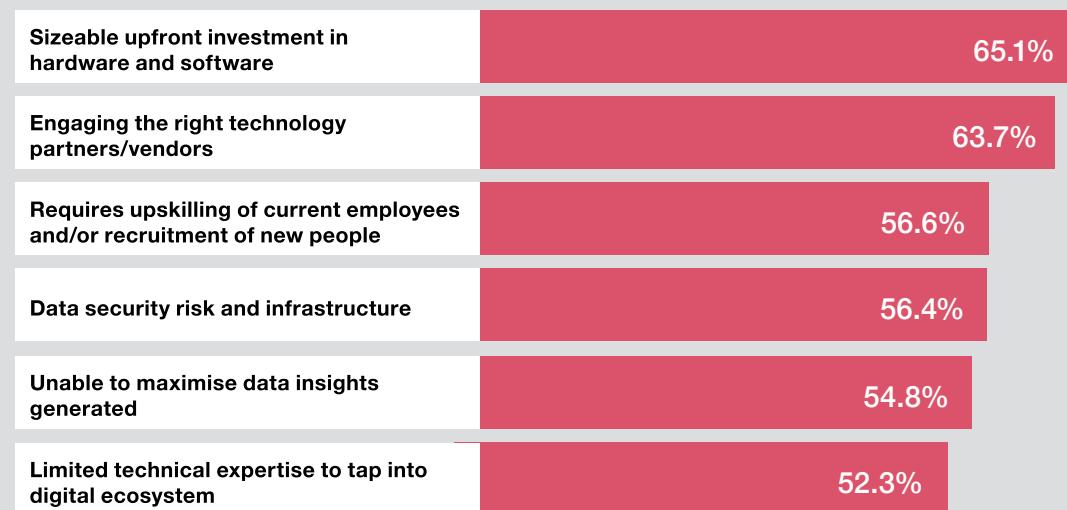
The stadiums were conceived as a connected network of eight sports venues where crowd control, air conditioning, security, and building maintenance were all managed through a central “command and control” centre that deployed the latest digital technologies.

The stadiums were designed so that their capacity could be reduced after the event to accommodate smaller crowds more efficiently – and one went even further. Stadium 974, 10 kilometres east of Doha, is FIFA’s first-ever stadium that can be fully dismantled, while also receiving a 5-star Global Sustainability Assessment System (GSAS) building rating for water efficiency measures and use of natural ventilation.

The global survey findings underscore the scale of Qatar’s achievement, with around two-thirds of all respondents citing the need for major upfront hardware and software investments and selection of the right partners as significant smart stadium challenges (see Figure 6).

How significant are the following challenges for organisations to successfully implement or leverage the smart stadia opportunity?

Percentage of respondents, top three choices



Source: PwC Analysis, N = 421

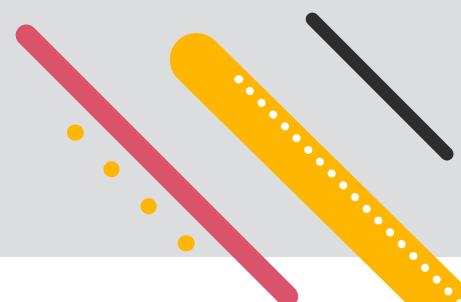


Figure 6: Uphill work – delivering successful smart stadiums is not easy

The Qatar World Cup had the sustainability agenda as one of its key measures of success and the below framework showcases some of the measures



Stakeholders' Pull

Regulators

How was the Qatar organising committee aligning and working closely with local Qatari government authorities and international governing bodies such as FIFA?

Fans

How was the 2022 World Cup fan experience on and off the field, and how was the level of fan engagement?

People

How did the organising committee manage various elements around the people agenda that includes scouting, recruiting, and retaining?

Partners & sponsors

How is the organising committee maximising the commercial benefits of their selected partners and sponsors?



Business Push

Transparency & reporting

Measures the level of reporting transparency amongst multiple stakeholders

Cost management

Measures the efficiency in managing operational costs and capital projects for the FIFA World Cup and other infrastructure projects

Expected return

Measures direct and indirect return to Qatar's economy and national strategic agenda

Risk

Measures the organising committee's ability to mitigate potential risks and problems during the entire event cycle



Key Middle East insights

Drawing on Qatar's experience, the Middle East is ideally placed to become a world-leader in smart stadiums, by leveraging specific regional advantages:

- **Mega-project experience and know-how:** Across the GCC, mega-projects such as the Qatar World Cup, Qiddiya and Saudi Arabia's NEOM smart city are generating on-the-ground expertise in designing, building and managing complex, high-tech infrastructure.
- **Government leadership:** Private sector investors and contractors can depend on substantial strategic and financial support from GCC governments, which regard the construction of world-class sports venues as a critical feature of national transformation programmes.



Conclusion

Youth and innovation – Middle East's winning assets

Sport is a high-risk business, and Middle East investors, sponsors, and partners are exposed to the same uncertainties as the rest of the survey, from geo-political conflicts to navigating future pandemics.

Nonetheless, we see two reasons why regional and global sports industry players are right to identify the Middle East as a growth hub. First, this is a young market, packed with male and female sports fans, who are also keen participants and extremely brand conscious. Second, the Middle East's post-millennial generation of digital natives are an ideal consumer base for the new technologies transforming the staging and marketing of sport.

One finding from the global survey illustrates perfectly why a substantial part of the worldwide sports industry's high-tech future is likely to be centred on the Middle East. Web3 – broadly, a new decentralised version of the internet that incorporates blockchain technologies and cryptocurrencies – could be the next big thing for sports organisations. More than 50% of respondents believe that Web3 will play a significant role in their business's future, but 74% say that they do not have a Web3 strategy.

Looking at the young, digitally connected Middle East sports fans and participants, it makes sense for the region's clubs and organisations to start working on their strategy now. Otherwise, those slow to embrace Web3 may be chasing a market that embraces new technologies when they come on-stream.



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