



Sports transformed

Winning strategies against COVID-19 challenges
to survive and thrive in the new world



Table of contents

Preface	3
I. Executive summary	5
II. COVID-19: Impact on sports properties	9
III. How sports properties responded	16
Strategy 1: Navigate the short-term adversity	19
Strategy 2: Do it differently, do it digitally	23
Strategy 3: Unleash the potential to thrive	29
IV. The way forward	33
Methodology	36
Contacts	39

Preface

Welcome to our 2021 sports industry report, **“Sports transformed. Winning strategies against COVID-19 challenges to survive and thrive in the new world”**.

In this report, we explore the impact of the COVID-19 pandemic on the global sports market and investigate how sport properties around the world have responded, survived and thrived with successful strategies in the face of this unprecedented global crisis.

The report aims to guide the thinking on how sports properties worldwide could strategically approach the current challenges and emerge from it with greater resilience and stronger propositions.

Even as the world moves a step closer to returning to normalcy, this tumultuous experience provides valuable learnings for various industry stakeholders as they seek to rise to the challenge and capture emerging opportunities.



Preface

For the purpose of this report, we have adopted the following definitions of the sports market. We use them as the lens to review the sports industry events and measures observed over the past two years.

Global sports properties: Entities that own the rights to and organise live sport events, and provide the content to a global audience either through media partners or their in-house platforms. Typical revenue streams include media rights, sponsorship, match day and merchandise revenue.

Global top 20 sports property leaders: Leading sports properties globally identified based on their digital footprint, fan growth and fan engagement by Nielsen¹.

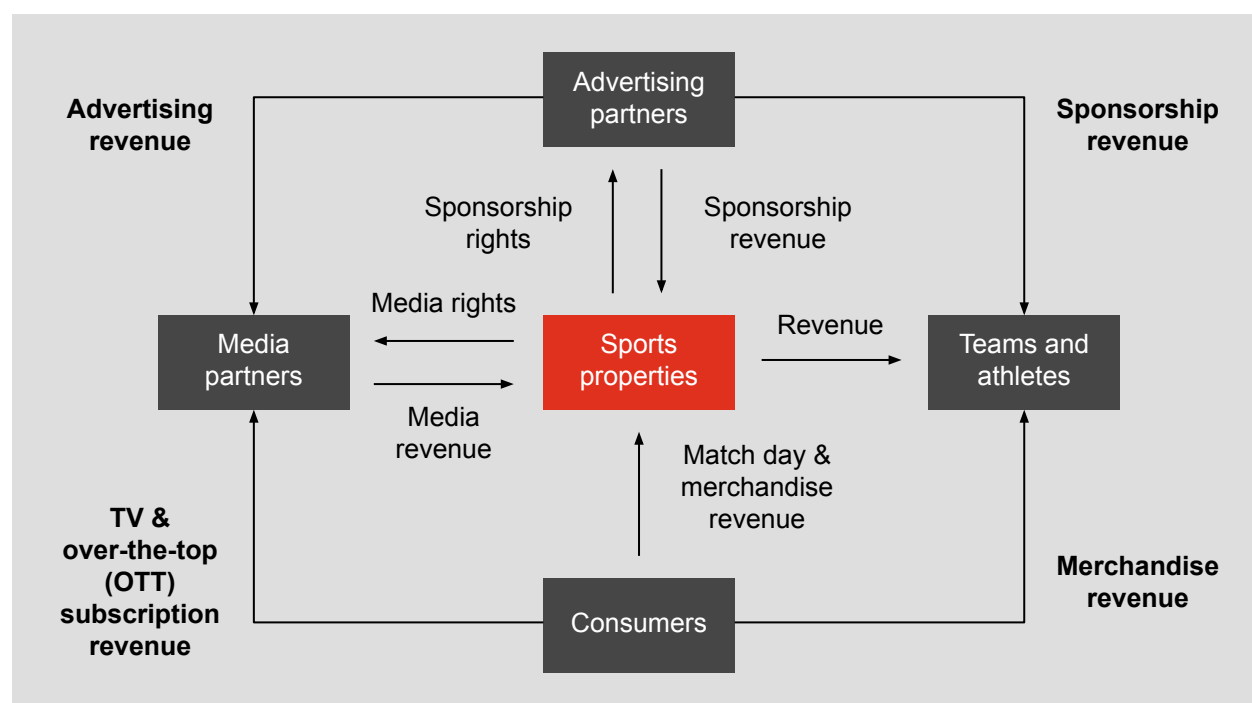
Media rights: Fees paid by third-party media partners (e.g. distributors, broadcasters) to obtain the rights to distribute sports content on broadcast, cable television networks, the internet and other platforms.

Sponsorships: Fees paid to have the sponsor's brand associated with a team, league, facility or event, such as naming and category rights.

Match day revenue: Mainly consists of ticketing revenue from audience attendance for live sporting events, which is also known as gate revenues.

Merchandise revenue: Revenue from the sale of products and the licensing fee related to trademarks, player image and intellectual property, such as team and league logos and player likeness.

Exhibit 1: Business model of sports properties



Source: PwC analysis

¹ Nielsen Sports Asia. (2021, May 19). (rep.). How The World's Biggest Sports Properties Engaged Fans In 2020.

I. Executive summary



Sports industry: Time tested and ready to seize new world opportunities

Scene prior to COVID-19: Global sports was on a healthy growth trajectory, reporting a compounded annual growth rate (CAGR) of 8% per annum over the past five years, with Europe and North America as mature markets and Asia and the Middle East as key emerging markets growing at 9% CAGR annually².

COVID-19 sets in around Spring 2020, causing massive disruptions across the sports industry worldwide, much like many other sectors. Immediate shocks caused by the health crisis derailed global sports properties, such as the major leagues with a global audience. Revenue streams were impacted as matches and live broadcasting came to a grinding halt and sponsorships vanished.

But, here's the good news: There's been no stopping when it comes to fans' passion and love for the sport. It fuelled up sports properties' resilience, catalysing game-changing strategies by most industry players to survive and eventually thrive in the post-pandemic world.



Sport properties reacted quickly, actively repairing and rethinking their traditional approach to fan engagement, while reimagining live match broadcasting.

The bounce back was quick. For instance, United States (US) TV broadcasters managed to retain the majority of their sports advertisers: 83% of top 100 pre-COVID-19 advertisers continued running ads when games resumed on TV in 2020³. That was on the back of TV viewership quickly crawling back from 4.25 billion gross minutes in April 2020 to 19.2 billion gross minutes by October 2020 after matches resumed in the second half of 2020⁴.

The three biggest global sports properties by broadcast cumulative reach in 2020 - English Premier League (EPL), UEFA Champions League (UCL) and ONE Championship - saw massive scale as they achieved 709 million, 610 million, and 403 million unique viewers respectively, based on figures from Nielsen⁵.

This natural resilience of sports properties has led to positive sentiments across the industry. In PwC's Sports Survey 2020, over 70% of respondents expect the sports industry to fully recover to pre-COVID-19 levels by 2022/2023⁶.

With the right strategic responses, many sports properties have not only survived the initial blow of the outbreak, but have since set sail for future growth as the world gradually emerges from the pandemic.

² PwC. (2020, September 30). (publication). Sports industry: system rebooting. PwC's Sports Survey 2020

³ MediaRadar. (2021, March 30). Sports are back, but are the advertisers?

⁴ Sports Came Back, But SVOD and News Have Stolen Viewing Share. Nielsen. (2020, October 12).

⁵ Cumulative reach figures indicate the number of unique viewers who tuned in to watch at least one minute of TV broadcast in 2020 and exclude out-of-home and mobile consumption. Please refer to the Methodology section for detailed limitations of this metric. Nielsen Sports Asia. (2021, May 19). (rep.). How The World's Biggest Sports Properties Engaged Fans In 2020.

⁶ PwC. (2020, September 30). (publication). Sports industry: system rebooting. PwC's Sports Survey 2020

We believe COVID-19 has accelerated the transformation that could prepare the sports industry for the years ahead in the post-pandemic world. We see that many leading global sports properties have not only survived the short-term challenges, but have also emerged from the crisis stronger.

During lockdowns, sports properties turned to game archives to engage fans, while streamlining costs to enhance their financial resilience. They worked hard to protect their core business by exploring the restart of matches within public health guidelines, despite the limited in-person attendance. As most fans watch live games from the safety of their home, enhanced viewing technology and set-ups were adopted to recreate a rich in-person viewing experience and improve fan engagement.

Digital engagement rates have since surged as properties turned to online platforms to stream content and embarked on esports campaigns, in an effort to create new consumer touch points. According to Nielsen Sports, the number of social media followers of the Global Top 20 sport properties increased by an average of 45% from January 2019 to March 2021⁷.

Beyond social media, opportunities are also emerging in creative storytelling. A few properties have been experimenting with genres such as documentaries and reality shows with great success. “The Last Dance”, the story of Michael Jordan’s rise to fame, averaged 5.8 million viewers across its first six episodes and reached 23.8 million households outside of the US⁸, according to ESPN and Netflix.

We have also seen megatrends such as esports and augmented and virtual reality (AR/VR) making further headway into the sports industry, opening up growth opportunities for the years ahead.

The global esports industry is expected to grow rapidly at 14.0% p.a. from 2020 to 2024, according to PwC’s Global Entertainment & Media Outlook 2020-2024. Despite the pandemic, ONE Esports’ Dota 2 Singapore Major 2021 is reported to have achieved over 274 million views across global channels⁹.

As sports properties successfully survive the short-term adversity in a world that is one step closer to normalcy, they are now at a juncture where it is crucial to envision future growth and accordingly, formulate strategies to thrive.

In this research report, we review the impact of COVID-19 on the sports properties, before zooming in on some of the successful strategies that industry players have embraced in building short-term resilience. We also highlight key considerations that could open up new growth headroom for global sports properties in the years beyond COVID-19.



⁷ Nielsen Sports Asia. (2021, May 19). (rep.). How The World's Biggest Sports Properties Engaged Fans In 2020

⁸ Refers to the number of households that have tuned into the show for a minimum of two minutes in the first four weeks after the release of the series.

⁹ Person. (2021, April 22). ONE Esports Singapore Major recorded 274M views. Reuters.

Exhibit 2: Global sports industry snapshot



Short-term impact appears moderate

While 10 soccer leagues in Europe lost €3.6 billion revenue over 2019/20 and 2020/21, it only represents a **9%** decline overall



Positive industry sentiment

Over 70% of sports industry leaders expect the sports industry to fully recover to pre-COVID-19 levels by **2022/2023**



Live match has resumed swiftly

Bundesliga took less than **two months** to resume matches after they were postponed



Match attendance is seeing accelerated recovery with vaccination

MLB and NBA are achieving **70-100%** stadium seating capacity



Viewership has recovered quickly

Sports' share of TV viewership among Americans returned to levels that were slightly lower than pre-COVID in less than **one year**



Digital engagement has grown rapidly

The number of social media followers increased by an average of **45%** from January 2019 to March 2021 for the top 20 global sport properties



Sports properties are resilient with continued value growth despite COVID-19

NFL and MLB's new media deals are **c.40%** higher than previous values



Esports presents an attractive growth opportunity

ONE Esports Dota 2 Singapore Major 2021 generated **274 million** views

II. COVID-19: Impact on sports properties



II. COVID-19: Impact on sports properties

1. Short-term revenue disruption

Key highlights

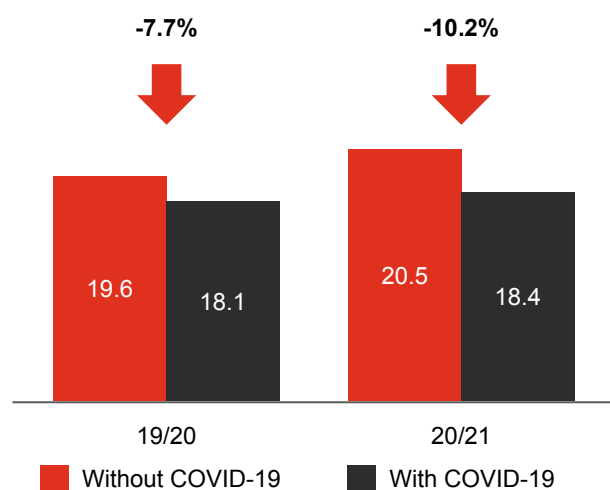
- March-May 2020: Numerous sports events across the world cancelled or postponed.
- June 2020: Despite resumption, gate receipts remained below pre-COVID-19 levels. When TV broadcasting of live events resumed, the collective resumption of events previously postponed caused overscheduling.
- However, the revenue impact is expected to be short-term. Positive sentiments indicate full recovery by 2022/23.

With the pandemic outbreak escalating between March and May 2020, most sports events globally, including the Formula 1 Grand Prix 2020 and the 2021 World Baseball Classic, were cancelled or postponed. This set in a panic wave as match day, sponsorships and media revenue are dependent on live events. The lack of live content also led to concerns that fans may drift away as they consume other forms of entertainment.

Despite the resumption of events in June 2020, gate receipts remained much lower compared pre-COVID-19 levels. Even as the stadiums are now gradually filling up, restrictions on fan attendance and COVID-19 related logistic costs required to resume matches have placed immense financial pressure on sports properties globally.

Exhibit 3: COVID-19 mounted financial pressure on sports properties

Club revenue based on a sample of 10 European soccer leagues in € billion



Source: European Club Association

Based on a sample of 10 soccer leagues in Europe, tracked by the European Club Association (ECA) across the 19/20 and 20/21 seasons, the total revenue decline was estimated to be €3.6 billion, mainly due to match day revenue losses of €1.5 billion¹⁰ (Exhibit 3).



¹⁰ European Club Association. (2020, July 7). COVID-19 Financial Impacts on European Clubs. ECA Europe.

Aside from gate receipts, the disruption in match schedule trickled down to impact media rights and sponsorship revenue. As sports properties typically enter into multi-year, fixed fees deals with broadcasters and sponsors, the disruption in match schedule has led to the reassessment and renegotiation of such deals. For example, media rights agency Mediapro withheld payments and insisted on renegotiating its broadcasting contract with the French Professional Football League, citing loss of revenues due to closure of bars and restaurants¹¹. However, not all media partners have the flexibility to renegotiate as it may damage the long-term relationships with the sports properties.

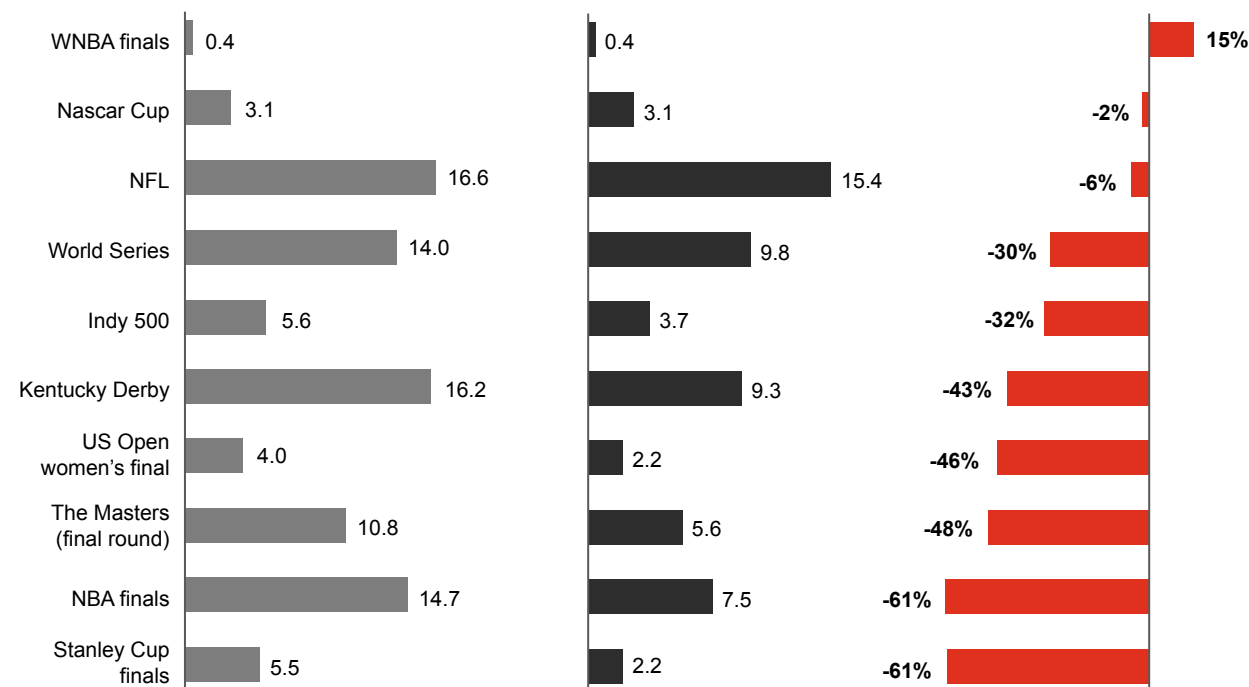
Live game content is a key pillar in driving TV ad spend and subscription revenue.

When TV broadcasting of live sporting events resumed, the collective postponement of global sports events temporarily caused overscheduling in the second half of 2020. According to SportsProMedia, games competed with each other for viewership, causing a short-term overall drop in TV ratings in the second half of 2020¹² (Exhibit 4). Media industry leaders believe that the decline in ratings could be due to either flipping or making choices as no one can watch everything at once.

Exhibit 4: Sports TV viewership in the US fell partly due to overscheduling in 2H 2020

TV viewership for major US sports

In million



Legend: ■ 2019 ■ 2020 ■ % change

Source: SportsProWatch, SportsMediaPro

¹¹ Bassam, T. (2020, October 8). Mediapro misses Ligue 1 rights payment as it seeks to renegotiate fee. SportsPro.

¹² Carp, S. (2020, December 11). "You can't watch everything at once": Why US sports TV ratings have been down during the pandemic. SportsPro.

2. Impact varied depending on business models and sports profile

Key highlights

- Impact based on business models:**
 Sports that completed a higher proportion of games prior to lockdown and those with a lower proportion of match day revenue are less affected.
- Impact based on sports profile:**
 Compared to indoor and contact sports, outdoor and individual sports typically have lower COVID-19 transmission risks and require fewer precautions to resume.

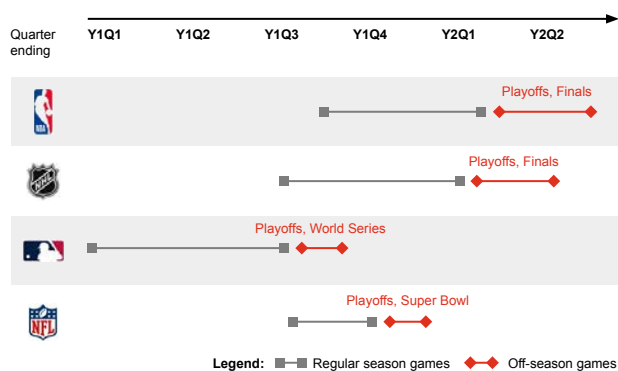
Impact based on business models

Sports that have completed a higher proportion of games prior to lockdown were less affected as they are able to collect the full revenue including stadium attendance. In contrast, matches held during lockdown typically suffered due to the revenue loss from tickets, food and beverages.

For illustration, as regular NBA and NHL seasons generally start toward the end of the first year and stretch over the next year, they managed to complete a higher proportion of games before the lockdown. On the other hand, MLB seasons are scheduled to start in the middle of the year which coincided with the lockdown, resulting in the 2020 season being delayed and shortened by the pandemic (Exhibit 5).

Exhibit 5: Season scheduling affected game completion rates

Typical game scheduling for U.S. major sports leagues (illustrative)



Source: Press research

Sports that have a higher proportion of Match day revenue are also more affected, especially if majority of the season coincided with lockdown. These properties have to rely more on alternative revenue streams to compensate for Match day losses (Exhibit 6).

Exhibit 6: Sports properties were affected by the lockdown to different extents

	Estimated 2019/20 season completion rates prior to shutdown	Proportion of total revenue dependency on match day revenue ¹
NBA	2019/20 season: partially completed	40%
NHL	2019/20 season: partially completed	70%
MLB	2020 season: 0% MLB 2020 was originally scheduled to begin 26 March 2020, but was delayed and eventually shortened	39%
NFL	2020 season: 0% The 2020 season was scheduled to start at the end of the year	38%

Source: Forbes, PwC analysis

Note: (1) Financials for the four North American sports leagues are not publicly disclosed. These are estimates based on press reports.

Impact based on sports profile

Outdoor, individual sports - such as tennis, surfing and golf - typically require a lower level of COVID-19 precautions. This is due to natural social distancing and limited contact during gameplay, making them more convenient and less expensive to implement. For example, PGA Tour players were able to travel across multiple states as long as they complied with the respective health protocols.

In contrast, indoor or team-based sports, such as basketball and mixed martial arts (MMA), call for more interventive measures to mitigate the risks associated with close contact in enclosed spaces. Although its costly, extensive precautionary

measures for indoor and team-based sports could be effective, as demonstrated by the NBA's Disney Bubble that had zero positive cases since restarting games (Exhibit 7). Working closely with the Singapore Tourism Board, ONE Championship was also able to swiftly resume matches in July 2020, after an initial lockdown in Singapore that lasted from April 2020 to June 2020¹³. The MMA sports property created a bio-secure bubble for fights to resume, with testing before departure, on arrival and throughout the stay. To reduce transmission risk, only athletes, officials and crew were allowed on-site in the stadium.

Exhibit 7: Outdoor, individual sports have lower risk profile and require lesser health precautions

	PGA Tour	UFC: Fight Island	NBA: Disneyland Bubble
Profile	Outdoor, individual-based with limited contact	Indoor, individual-based with contact	Indoor, team-based with contact
Relative extent of COVID-19 precautions	Low Relied on personal responsibility, hopping through multiple states in the US and other countries	Medium 14 days quarantine, PCR testing for audiences, extensive sanitisation	High Issued a 113-page health and safety protocol, daily testing, isolation of the NBA community from the outside world
Test infection rate¹	0.3% for the whole season 19 players and caddies tested positive out of 6,682 who played or toted the bags in 26 events. Rates are similar for other golf tours	0.8% as at Dec 2020	0% for the whole season 0 positive tests
Estimated costs (USD)	Not disclosed	Testing only: USD 17 million² While the total cost of hosting Fight Island is not disclosed, officials confirmed that it was lower than the NBA Bubble	Total costs of bubble: USD 190 million

Note:

(1) Test infection rate: Number of positive tests out of total number of tests conducted

(2) As at Dec 2020

Source: Press research, PwC analysis

¹³ Baker, J. A. (2020, June 15). Singapore's circuit breaker and beyond: Timeline of the COVID-19 reality. CNA.

3. On road to recovery



Key highlights

- In the later half of 2020, live sporting events resumed, allowing for TV broadcast and sponsorship advertisements to continue.
- TV viewership picked up rapidly, whereas match day revenue may take longer to recover.
- Positive sentiment across the industry for a full recovery by 2022/2023.

Resumption of live events

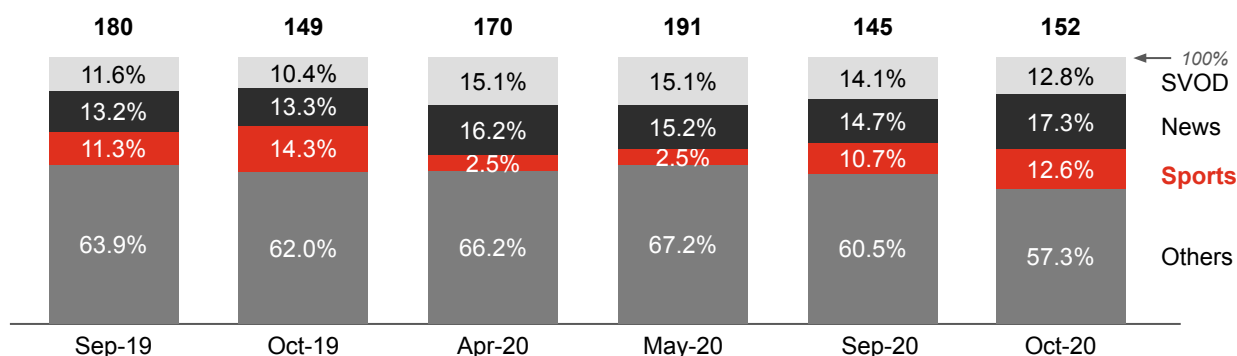
In the second half of 2020, global sports properties progressively resumed their game plans, although most were hosted behind closed doors with precautionary measures. This has helped various leagues - NBA, MLB, NHL, among others - to complete their 2020 seasons (Exhibit 8).

US TV viewership statistics trend consistently with event restart dates. The share of TV viewing among Americans dropped drastically for the first two quarters of 2020 when games were paused, but picked up in September 2020 and October 2020 when games resumed, eventually returning to levels that were slightly lower than pre-COVID-19 (Exhibit 9).

Exhibit 9: Sports TV viewership recovered

Total live TV viewing in the US

In billion gross minutes



Source: Nielsen

Exhibit 8: Majority of events were eventually completed even if delayed or shortened by COVID-19

Global top 20 sports properties	COVID-19 impact on 2020 event schedules
Australian Open 2020	○
Bellator 2020	◐
Bundesliga 2019/2020 Season	◑
EPL 2019/2020 Season	◑
F1 2020 Season	◐
Roland Garros 2020	◑
La Liga 2019/2020 Season	◑
MLB 2020 Season	◐
MLS 2020 Season	◑
MotoGP 2020	◐
NASCAR 2020	◐
NBA 2019/2020 Season	◑
NFL 2020 Season ¹	◑
NHL 2020	◑
ONE Championship 2020	◐
Tour de France 2020	◑
UCL 2019/2020 Season	◑
UFC 2020	◐
US Open 2020	○
Wimbledon 2020	◐

Note: (1) Includes postseason in early 2021

Source: Nielsen, PwC analysis

Legend:

- Very low impact: Season took place as scheduled
- ◐ Low impact: Season completed with minor changes

- ◑ Moderate impact: Some events cancelled
- ◐ High impact: Season cancelled

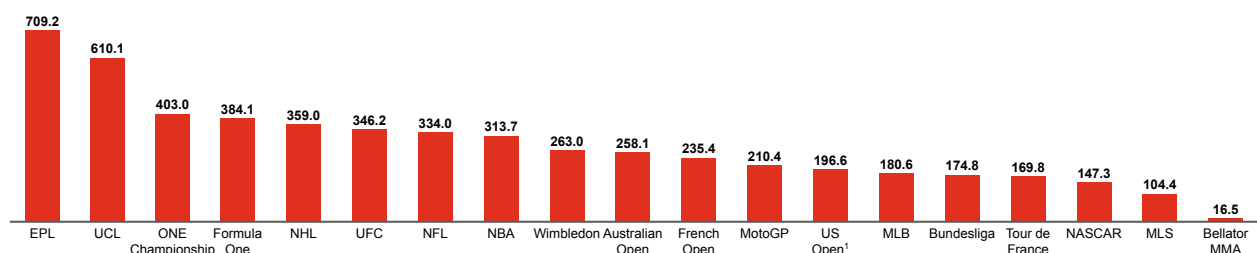
TV expected to remain dominant and relevant

While sports viewership on TV dropped, global top sport properties managed to achieve compelling cumulative TV reach figures in 2020 (Exhibit 10).

Exhibit 10: Sports TV reach remains significant

TV cumulative reach, by sports property

In millions



Note: (1) Tennis

Source: Nielsen

Match day revenue may take longer to recover

The rapid development and implementation of vaccination could, however, help accelerate the progress. Out of the 780 sports industry leaders surveyed across 50 countries in PwC's Sports Survey 2020, over 70% expect a full recovery by 2022-2023 (Exhibit 11).

However, convincing fans to get back to the stadium may require additional efforts. A survey by GlobalWebIndex, at the peak of the crisis in March 2020 across 23 countries, found 72% respondents indicating that sports events should be postponed until the outbreak is over (Exhibit 12).

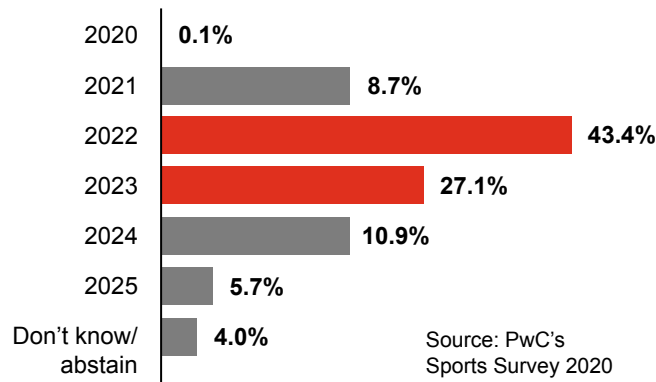
Sports properties may act in partnership with the public health authorities and on their own to launch public educational programmes, such as vaccination campaigns. It is essential to keep the fans informed and provide the peace of mind needed for a speedy recovery in in-person attendance.



Exhibit 11: Sports industry to take two to three years to recover fully

By when do you think the sports industry will have fully recovered to pre-COVID-19 levels?

Percentage of respondents (N = 698)

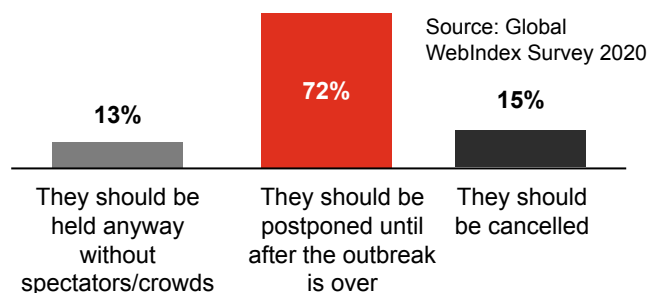


Source: PwC's Sports Survey 2020

Exhibit 12: Majority of public prefers sports to resume only after the outbreak is over

What do you think should happen to sports events which have been impacted by the coronavirus outbreak?

Percentage of respondents (N = 12,845)



Source: Global WebIndex Survey 2020

III. How sports properties responded to COVID-19 impact



III. How sports properties responded to COVID-19 impact

Sports properties rolled out impactful strategic initiatives

In the face of the pandemic, sports properties around the world deployed various strategic initiatives to survive the short-term adversities and unleash their potential to thrive (Exhibit 13).

To counter the impact of halted events, the sports properties adopted new initiatives to protect their core businesses, and quickly embraced emerging opportunities with potential to shape the direction of the sports industry in the years ahead.

For example, the NBA and Bundesliga stood out in their ability to not only restart games sustainably, but also adopt a wide range of initiatives to digitalise and expand their offerings. As a result, they have not only survived the COVID-19 pandemic, but also pulled ahead and positioned themselves well to capture future growth.



Exhibit 13: At a glance: Strategic initiatives by sports properties

Strategies	Initiatives
1. Navigate the short-term adversity	<ul style="list-style-type: none"> Resumed live games swiftly with precautionary measures Accelerated in-person attendance recovery Recreated in-person viewing experience for live content Utilised game archives in live content vacuum Optimised cost with salary negotiation and cash flow management
2. Do it differently, do it digitally	<ul style="list-style-type: none"> Expanded digital revenue streams Enhanced digital fan engagement and user experience Expanded e-commerce offerings
3. Unleash the potential to thrive	<ul style="list-style-type: none"> Branched out into non-match content genres Leveraged growth opportunities in esports Accelerated AR/VR adoption in sports Pursued international expansion opportunities

Source: PwC analysis

III. How sports properties responded to COVID-19 impact

As a result, TV viewership is already on the path to recovery. In the US, while the total TV viewership of live sports saw an initial drop from the pre-COVID level of 21.3 billion gross minutes in October 2019 to 4.25 billion gross minutes in April 2020, it bounced back quickly to 19.2 billion gross minutes by October 2020 after the matches resumed in the second half of 2020¹⁴.

Digital fan engagement has achieved rapid growth. The number of social media followers increased by an average of 45% from January 2019 to March 2021 for the Global Top 20 sport properties¹⁵ (Exhibit 14).

Despite the impact of COVID-19, actual deal values in the industry have increased and outperformed the expectations of many. In September 2020, the MLB entered into a new rights deal with WarnerMedia's Turner Sports worth USD 3.2 billion over the next seven years, almost 45% higher than its previous deal¹⁶. In 2021, NFL renewed distribution rights with multiple media partners. The total deal value exceeded USD 100 billion, representing an increment of at least 40% compared to previous deals¹⁷.

Exhibit 14: Digital engagement and traditional TV broadcasting outcomes

Property	Digital engagement			Traditional TV	
	No. of followers ¹ (million)	Follower growth ² (%)	Total video views ³ (billion)	Cumulative reach ⁴ (million)	Broadcast hours (thousand)
Bundesliga	17.4	+54%	0.5	174.8	25.3
Formula One	27.5	+85%	4.4	384.1	13.0
NASCAR	7.3	+14%	0.3	147.3	5.2
NBA	110.4	+37%	14.4	313.7	27.8
ONE Championship	29.5	+113%	6.1	403.0	9.8

Source: Nielsen

Notes:

(1) Facebook, Instagram, YouTube, as at Mar 2021

(2) Jan 2019 - Mar 2021

(3) Jan 2020 - Dec 2020

(4) Cumulative reach figures for property's season event defined in Exhibit 8, based on figures available for metered channels in 18 countries

¹⁴ Sports Came Back, But SVOD and News Have Stolen Viewing Share. Nielsen. (2020, October 12).

¹⁵ Nielsen Sports Asia. (2021, May 19). (rep.). How The World's Biggest Sports Properties Engaged Fans In 2020.

¹⁶ Young, J. (2020, June 15). Major League Baseball's new media rights deal with Turner Sports worth over \$3 billion. CNBC.

¹⁷ Sherman, A. (2021, March 20). The \$100 billion-plus deal between the NFL and media companies is a giant leap of faith. CNBC.

Strategy 1: Navigate the short-term adversity

Following disruption of live games, gate receipts on match day suffered an immediate blow, followed by increasing uncertainties around media rights and sponsorship revenue. Sports properties were faced with immense pressure to preserve income while exploring potential cost optimisation. However, as the situation ameliorated with the introduction of vaccines, leagues around the world started rolling out various innovative measures to facilitate and accelerate the return to normal. Sports properties:

- **Resumed live games swiftly with precautionary measures**

Properties resumed matches as early as May 2020. Bundesliga successfully explored and executed the concept of closed-door matches, and inspired other European sports leagues to follow suit.

After matches were postponed in March 2020, Bundesliga acted swiftly to form a special task force and issued a 51-page hygiene guideline for games to resume in May 2020¹⁸ - one of the first in the industry. It helped spearhead game resumption behind closed doors, and served as a valuable early reference for sports properties around the world. As a result, Bundesliga was able to complete its planned matches with minimal disruption.

Exhibit 15: Disney ballrooms converted to basketball courts



Source: NBCNews

In the US, the NBA faced a different set of challenges amid rapidly rising COVID-19 cases and its nature of being an indoor team-based sport. In response, it created one of the most comprehensive COVID-19 protocols in the industry. Bolstered by strict enforcement, the matches were able to resume with minimal interruptions in an isolated bubble site at Disneyland, Florida (Exhibit 15).

Despite the cost of approximately USD 190 million, the NBA bubble proved to be a success. All planned games were completed with no positive cases throughout the 2019/20 season. The sports property preserved an astounding USD 1.5 billion in revenue from games completed as result of these precautionary measures¹⁹.



¹⁸ Bundesliga. (2020, June). How does the Bundesliga's hygiene concept work? Bundesliga.

¹⁹ Wojnarowski, A., & Lowe, Z. (2020, October 28). NBA revenue for 2019-20 season dropped 10% to \$8.3 billion, sources say. ESPN.

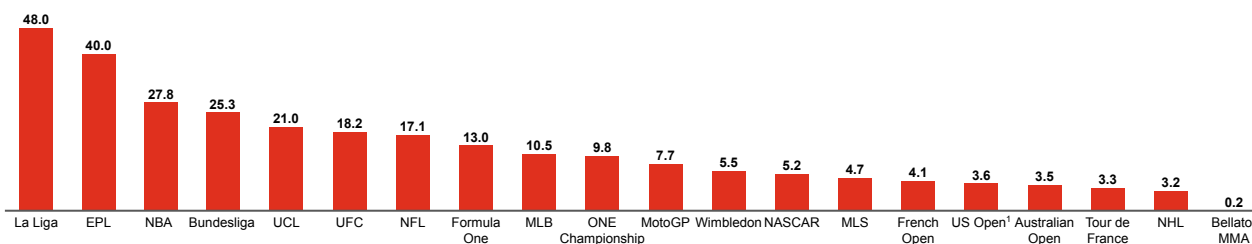
III. How sports properties responded to COVID-19 impact

Sports properties are also highly dependent on government health regulations to resume sporting events and audience participation. When the Singapore government subsequently allowed event attendance (subject to a cap of 250 attendees²⁰), ONE Championship was able to hold the country's first live sports event with fan attendance in October 2020. Thanks to the various initiatives taken to restart matches, sports properties managed to put out a significant amount of broadcasting hours in 2020 despite the temporary disruption (Exhibit 16).

Exhibit 16: Significant amount of broadcasting hours from sports properties despite the pandemic

TV broadcast hours by sports property, 2020

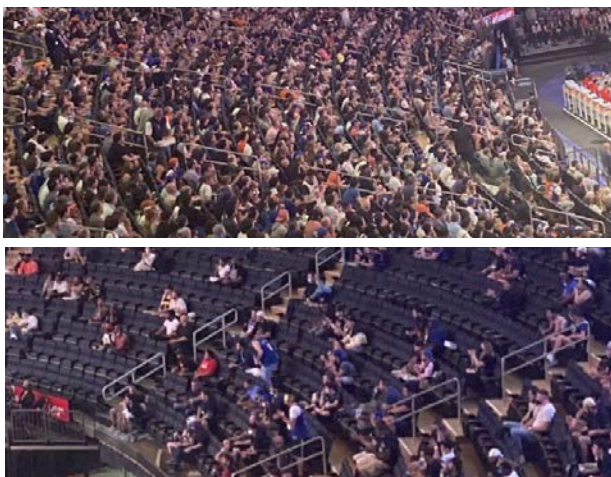
In thousand hours



Note: (1) Tennis

Source: Nielsen, Official local TAM (Television Audience Measurement), AGF/GfK Germany, Kantar Spain, Auditel/Nielsen Italy, Mediametrie France, BARB UK, Ibope Kantar Argentina Brazil and Mexico, CSM Media Research China, Video Research Japan, Nielsen Indonesia Malaysia Myanmar Philippines South Africa Thailand and USA, AMI Vietnam, Glance.

Exhibit 17: NBA playoffs revised seating arrangement base on vaccination status



Source: Twitter

• Accelerated in-person attendance recovery

As vaccines roll out progressively, sports fans are increasingly hopeful that the return to live matches could be around the corner. Many sports properties have started to pilot partial or full seating capacity in their venues, with the permission to relax restrictions from the health authorities.

MLB's Texas Rangers game held on 5 April 2021 was totally sold out²¹. It was the first North American sporting event with no attendance restrictions since COVID-19. The Arlington stadium was packed with around 38,000 fans at full capacity²². With increasing vaccination rates and reduced crowd restrictions, many more MLB teams are planning to have full 100% capacity by July 2021.

Similarly, the NBA playoffs adopted new seating arrangements where the audience was seated based on their vaccination status (Exhibit 17). It enabled the attendance of 15,000 fans (over 70% capacity) in the Madison Square Garden in May 2020, the largest attendance since the COVID-19 2020 lockdown²³.

Several leagues have also embarked on campaigns to encourage vaccination and testing. NASCAR's Talladega Superspeedway track partnered with various US government agencies to launch the "Race to End COVID: Talladega" campaign²⁴. Fans were offered the opportunity to drive laps around the track if they are tested or vaccinated. In a similar spirit, MLB partnered with Ad Council and COVID-19 Collaborative to launch a COVID-19 vaccine public education initiative "It's Up To You" featured by MLB celebrities²⁵.

²⁰ Leow, A. (2020, September 7). Mice events in Singapore can resume from October with a higher limit of 250 attendees. The Business Times

²¹ Li, D. K. (2021, April 6). In face of pandemic, Texas Rangers welcome back full house for home opener. NBC News.

²² Li, D. K. (2021, April 6). In face of pandemic, Texas Rangers welcome back full house for home opener. NBC News.

²³ Bontemps, T. (2021, May 24). Playoff fever returns to MSG -- until Trae Young stops it cold. ESPN.

²⁴ Race to End COVID: Talladega. Talladega Superspeedway. (2021, May 17).

²⁵ Simon, A. (2021, March 23). MLB pitches in to promote vaccine education. MLB.

- **Recreated in-person viewing experience for live content**

To recreate the audio, visual and social experience similar to on-premise viewing, sports properties have turned to innovative set-ups.

Sky Deutschland, a German TV broadcaster, supplemented Bundesliga TV soccer matches with artificially created stadium sounds. On top of natural match sounds (e.g. player shouting) and live commentary, viewers could choose to add on audio effects such as fan chants and crowd reactions²⁶. While the atmosphere was a demanding task to recreate, the feature was well received and replicated in the Premier League subsequently.

In a similar spirit, the NBA not only used audio-visual effects to bring the game closer to viewers, but also “tap to cheer” feature to bring fans back into the stadium. The league placed over 60 microphones around and under the court to capture the authentic sounds of a live game, and more than 30 cameras to enable multiple-angle viewing²⁷. The “tap to cheer” function allowed fans to virtually cheer for their team through the NBA app, online or via Twitter, providing an additional touchpoint. Video boards were also incorporated on the basketball courts to display fan engagement levels.



- **Utilised game archives in live content vacuum**

When the Bundesliga season was suspended at the height of the pandemic, TV broadcasters and digital platforms turned to historical matches to offer game recordings in place of live matches. Through the German Football Archive²⁸ (GFA), domestic and international licensees gained access to quality footage in the live content vacuum. Audiences were engaged by past domestic and international matches such as DFB-Pokal²⁹ and the World Cup. In total, the GFA saw 3,640 hours of footage retrieved in 2019-20, the highest retrieval figures since 2007. As a result, Bundesliga also enjoyed the highest duration of broadcast hours during its hiatus, according to SportsProMedia³⁰.

Similarly, the NBA leveraged historical game content and virtual esports matches from NBA2K 2020 to keep fans engaged via its app. NBA and Turner Sports offered fans complimentary NBA League Passes, the league's premium subscription product that provides access to game archives.

In response to the live content vacuum in the first half of 2020, ONE Championship curated six different series pulling together momentous career-changing bouts, high-profile knockouts, and best actions in the history of its competition. In addition, it has also introduced One Warrior Spirit and ONE Championship Up Close programmes to capture the story of its hero athletes with a focus on their strengths, bravery and determination to overcome obstacles and conflicts in their life and career. This was complemented by never-before-seen footages and exclusive behind-the-scene moments. The launch of these series enabled ONE Championship to continuously engage with its fans across its website, apps, social media and streaming platforms globally, despite the live content vacuum.

²⁶ Reporter, R. (2020, May 15). Sky to give Bundesliga armchair fans in Germany the option of having fake crowd noise. Daily Mail Online.

²⁷ NBA to unveil unique in-venue and broadcast enhancements for 2019-20 season restart. NBA. (2020, July 25).

²⁸ A collaboration between the DFL and German Football Federation, GFA is the world's largest digital football archive that documents German football history dating back to 1963

²⁹ DFB-Pokal is a German knockout football cup competition held annually by the German Football Association

³⁰ Dixon, E. (2020, July 20). 'It was a massively complex project': Breaking down the Bundesliga's return. SportsPro.

- **Optimised cost with salary negotiation and cash flow management**

Sports properties faced financial pressure due to disrupted revenue streams. With player salaries being one of the largest costs, sports properties have resorted to salary deferment or reduction to cope with the challenges.

Due to the outbreak in 2020, wage-to-revenue ratio ballooned at a rate three times higher than what it would have been without COVID-19. The European Club Association (ECA) expected the wage-to-revenue ratio to grow from 59.6% in 2018/19 to a 70.1% in 2020/21, compared to 62.9% without COVID-19³¹ (Exhibit 18).

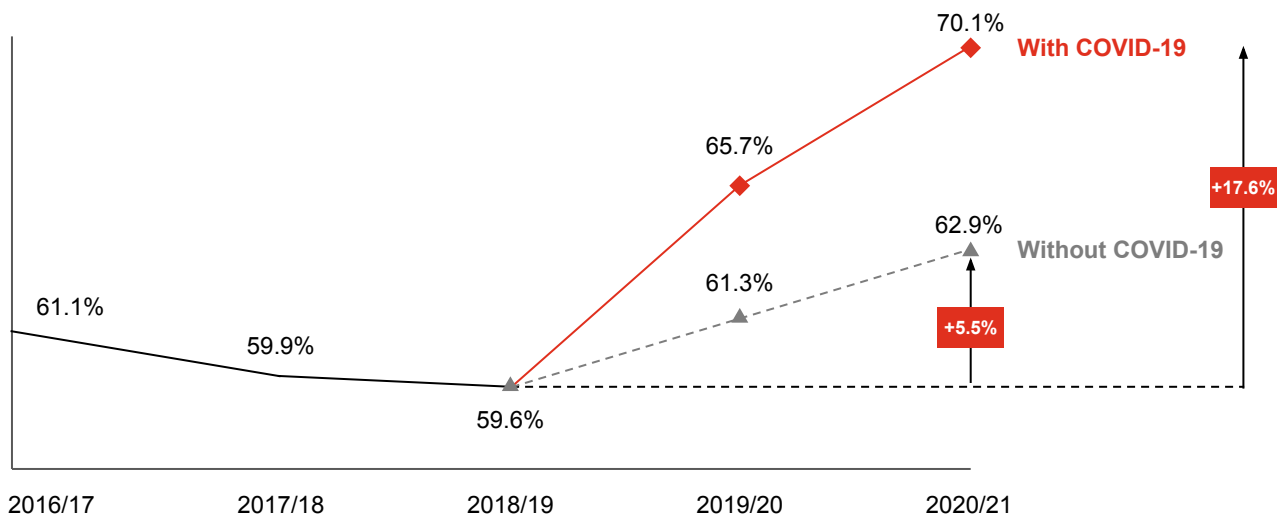
Players, management and employees compromised to take temporary pay cuts to strengthen the financial resilience of their clubs. Borussia Monchengladbach in the DFL announced that its players were going to forgo wages, while Bayern Munich players took a 20% pay cut, according to BBC³². Others have agreed to part-time working arrangements to help reduce overhead costs.



Exhibit 18: Wage-to-revenue ratio based on a sample of 10 European soccer leagues

Wage-to-revenue ratio based on a sample of 10 European soccer leagues

In %



Source: European Club Association

³¹ European Club Association. (2020, July 7). COVID-19 Financial Impacts on European Clubs. ECA Europe.

³² Bayern Munich and Borussia Dortmund stars to take pay cut during the coronavirus crisis. BBC Sport. (2020, March 25).

Strategy 2: Do it differently, do it digitally

As viewing and engagement increasingly shifts online, sports properties are taking the opportunity to accelerate their digital transformation - expanding digital distribution channels, creating new social media touch points, improving fan's user experience and growing e-commerce offerings. The sports properties:

- **Expanded digital revenue streams**

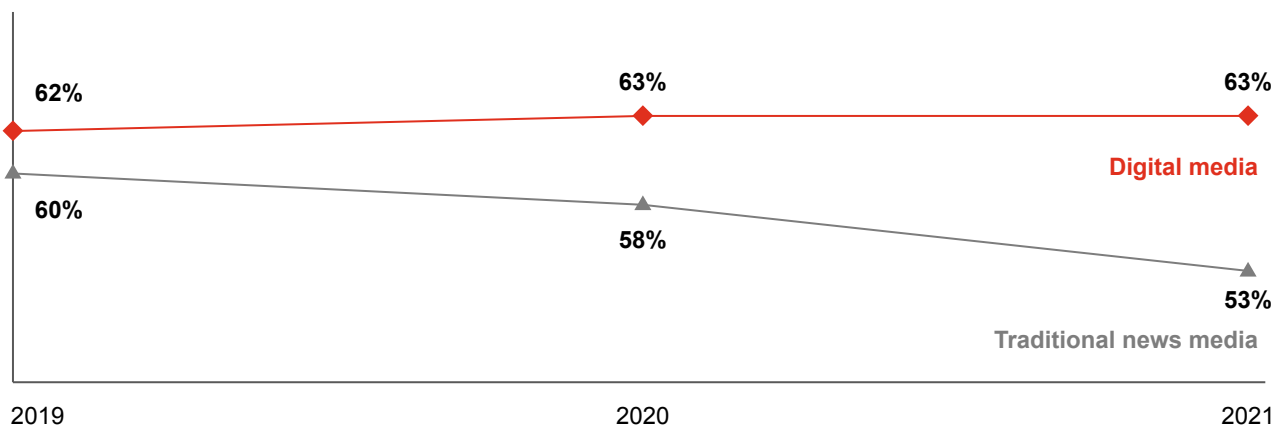
Digital distribution and OTT streaming

Sports properties have to expand their digital offerings to cater to the growing demand for digital channels, especially as younger, more tech-savvy audiences join the fanbase (Exhibit 19). Tailoring sports content for digital distribution is essential to deliver effective results. Video formats have proved to garner impressive viewership numbers (Exhibit 20).

Exhibit 19: Fans are gradually shifting to digital channels when consuming sports content

How often do you use the following media for news about sport?

% of respondents



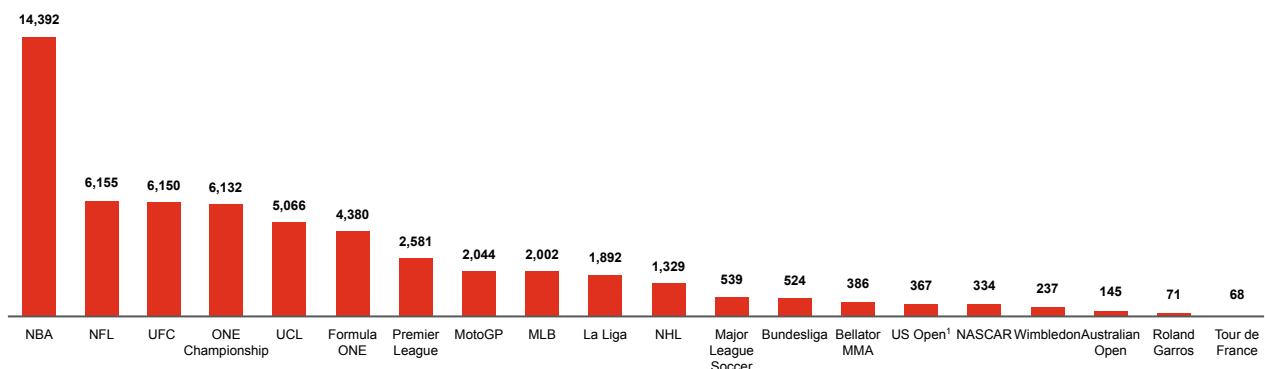
Note: Digital media - Podcasts, Social Media, Social Messaging, Video Streaming Platforms, Websites (not Social Media), Official Club/League/Event Website, Apps (not Social Media), Email, Sport news websites (not Social Media). Traditional news media - TV, Radio, Newspaper (Print), Magazines (Print)

Source: Nielsen Fan Insights 2019-21 (Brazil, China, France, Germany, India, Italy, Japan, Russia, South Korea, Spain, UK, US)

Exhibit 20: Videos on social media are popular

Total video views

In millions



Note: (1) Tennis

Source: Nielsen, Jan 2020 - Dec 2020; Crowdtangle, Facebook and Instagram (Post Volume, Eng. per Post, Eng. Rate, Video Views); Fanpage Karma, Youtube (Post Volume, Eng. per Post, Eng. Rate), Social Blade, Youtube (Video Views)

In the age of an increasingly crowded OTT streaming landscape and growing relevance of original content creation, sports content holds a special place given the limited supply and difficulty to substitute. Playing to such an advantage, sports properties have been expanding their distribution to major OTT platforms to further their reach and boost media rights revenue - a process accelerated by the pandemic.

Being one of the first major sporting properties to restart games, the DFL had the unique opportunity to offer new live sports content for deprived fans. Amazon and DAZN expanded their media distribution deals with DFL to broadcast the rest of the 19/20 Bundesliga season³³, on top of airing games on Fox. Bundesliga also staggered match timings to maximise viewership³⁴.

The Chinese Football Association has taken similar steps to promote its soccer leagues on the world

stage by signing a three-year streaming deal with Mediapro. Armed with the expertise of running several football OTT platforms such as the OneFootball platform in Canada, Mediapro will build and cultivate a globally accessible OTT platform for Chinese football from 2021 to 2023³⁵.

Tech-enabled sponsorships

NBA fans had the chance to virtually appear on Michelob ULTRA Courtside stands, a digital fan experience created as part of a sponsorship agreement between the NBA and its official beer sponsor Michelob Ultra³⁶. The modified basketball court has a 17ft LED screen wrapped around the arena where fans were virtually featured. To score a "ticket," fans could sign up for a raffle by taking a picture of NBA sponsor Michelob Ultra's beer or engaging with the sponsor's digital campaigns (Exhibit 21).

Exhibit 21: Virtual fan attendance along NBA basketball courts



Source: Rockets Wire

³³ O'Reilly, L (2020, May 29). The Bundesliga offers sponsors and broadcasters a sanitized glimpse as to how sports will restart. Digiday.

³⁴ O'Reilly, L (2020, May 29). The Bundesliga offers sponsors and broadcasters a sanitized glimpse as to how sports will restart. Digiday.

³⁵ Easton, J. (2021, May 4). Mediapro to create 'home of Chinese football' with Super League deal. Digital TV Europe.

³⁶ NBA to unveil unique in-venue and broadcast enhancements for 2019-20 season restart. NBA. (2020, July 25).

- Enhanced digital fan engagement and user experience

Digital fan engagement

During the lockdown, German football club Borussia Dortmund staged their first online fan viewing party in China, as part of their efforts to grow their presence and fan engagement in Asia³⁷. The two-hour long livestream session included fan vlogs, a documentary of Dortmund China's office, behind-the-scenes footage and messages from the football club. It also featured the club's commercial partners in China, extending sponsorship and advertising opportunities. The live stream gained a total of 2.9 million viewers.

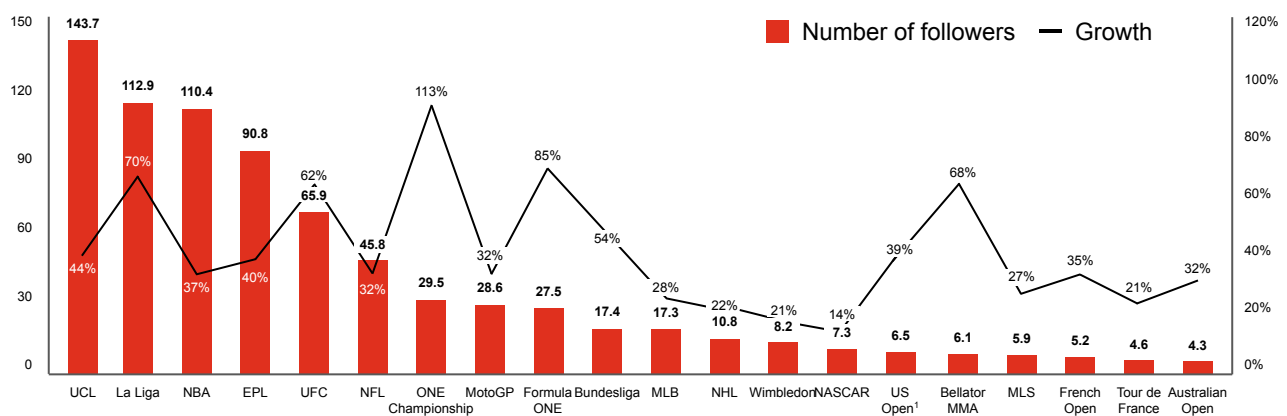
In April 2020, the NBA entered into a multi-year partnership with Microsoft to create a new direct-to-consumer (D2C) platform³⁸. It will leverage Microsoft's AI and cloud computing capabilities to deliver personalised and localised viewing services, with the objective of improving fan engagement experience.

Digital fan engagement initiatives adopted by properties during COVID-19 have been proven highly effective. Global top 20 sports properties reached an average online fanbase of 37 million across Facebook, Instagram and YouTube platforms, a significant increase of 45% between 2019 and Q1 2021 (Exhibit 22).

Exhibit 22: Digital fan engagement surged during the pandemic

Number of followers, in million

Follower growth, 2019 vs. Q1 2021, in %



Note: Digital Channels - Facebook, Instagram, Youtube. (1) Tennis

Source: Nielsen, Jan 2019 - Mar 2021; Crowdtangle, Facebook and Instagram; Fanpage Karma, YouTube

³⁷ Dixon, E. (2020, March 17). Borussia Dortmund entertain Chinese fans with first online fan party. SportsPro.

³⁸ Microsoft News Centre. (2020, April 16). NBA announces new multiyear partnership with Microsoft to redefine and personalize the fan experience. Microsoft.

However, digital media platforms and its audiences come in many forms and there is no content approach that is one-size-fits-all. It is key for sports properties to dial into what resonates with the community of audience on each individual platform, tailoring production and formatting with creative programming (e.g. long-form video, short-form video, user generated, etc.), and creating a holistic strategy across different digital touch points such as social media, streaming platforms, official app and website.

For example, ONE Championship formulates its content strategy and optimises its programming based on the analysis of fan engagement metrics. It uses a data warehouse (in partnership with Microsoft) to analyse metrics from every platform simultaneously and determines performance of key indicators, which is then used to refine its content strategy. This has allowed ONE Championship to not only continue to engage with its existing diehard fans, but also reach out to more casual viewers that are interested to follow the stories revolving around specific events and athletes.

Social media campaigns

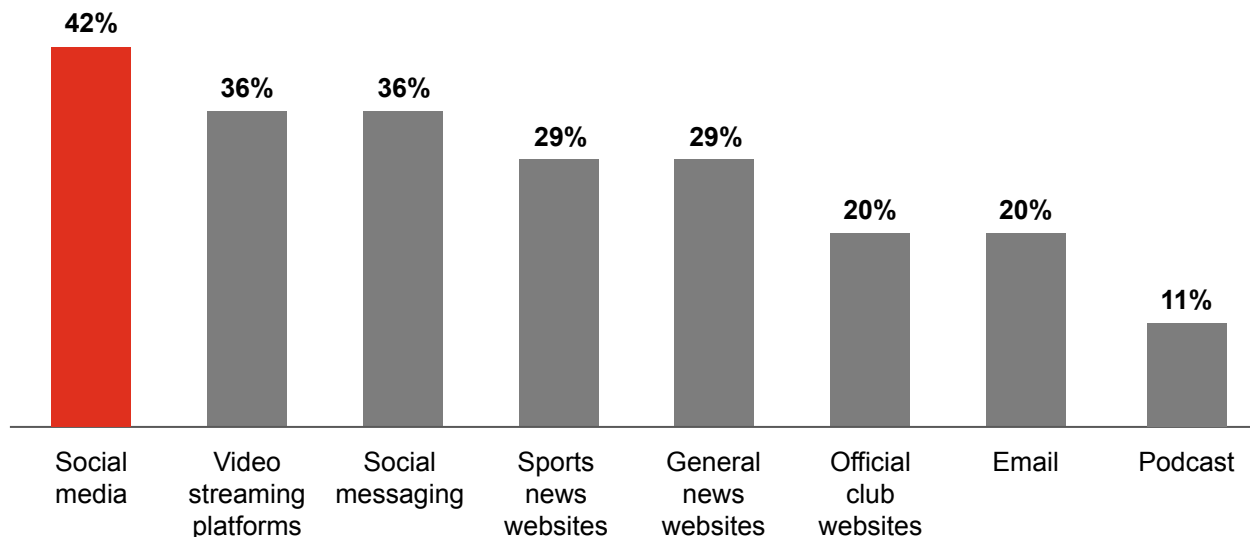
Social media is playing an increasingly important and effective avenue to engage not only with fans but also in acts of social responsibility during this unprecedented time (Exhibit 23). Various sporting properties and figures have put their clout to use and led social campaigns.



Exhibit 23: Social media is one of the top digital media channels for fan engagement

Share of sports fans using digital media channels for news about sport

In %



Source: Nielsen Fan Insights 2020 (Argentina, Australia, Belgium, Brazil, Canada, China, Columbia, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Philippines, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Switzerland, Thailand, Turkey, UAE, UK, US, Vietnam)

Q: How often do you use the following media for news about sport?

III. How sports properties responded to COVID-19 impact

FC Bayern players Leon Goretzka and Joshua Kimmich launched the #wekickcorona initiative, a fundraising campaign that raised over €5 million for social causes³⁹.

In partnership with TikTok, Team GB (Great Britain) launched the #IsolationGames campaign, which challenged people to recreate sports activities from the comfort of their homes while doubling as a fundraising campaign for charities⁴⁰. Over 270,000 videos were published for this challenge. According to the European Sponsorship Association,

#IsolationGames garnered 446 million hashtag views, 200 million video views, 23 million likes and 1 million shares.

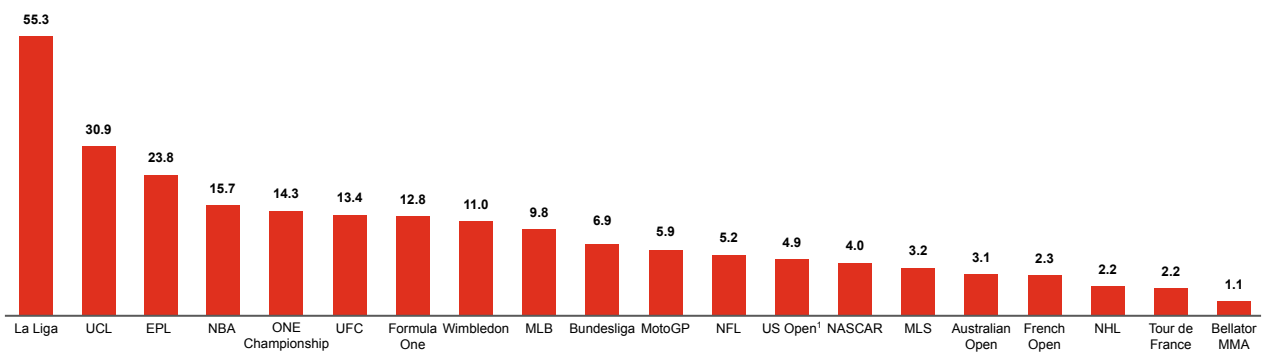
Aside from specially designed campaigns, usual social media activities such as regular posts and updates remain effective.

Sports properties that have been diligent in their social media management are driving some of the highest fan engagement numbers across major platforms (Exhibit 24 and 25).

Exhibit 24: Regular social media activities contribute to strong fan engagement results - Facebook

Facebook engagement per post

In thousands



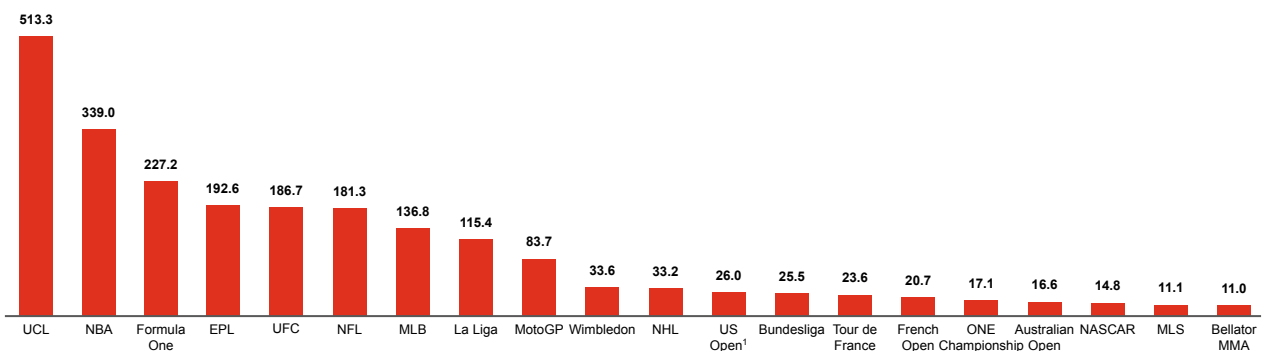
Note: Jan 2020 - Dec 2020; Crowdtangle. (1) Tennis

Source: Nielsen

Exhibit 25: Regular social media activities contribute to strong fan engagement results - Instagram

Instagram engagement per post

In thousands



Note: Jan 2020 - Dec 2020; Crowdtangle. (1) Tennis

Source: Nielsen

³⁹ WeKickCorona. (n.d.).

⁴⁰ #IsolationGames launches on TikTok to support the British Red Cross. Team GB. (n.d.).

Exhibit 26: Social features alongside live game streaming



Source: LiveLike

Socialised virtual sports viewing experience

When games resumed behind closed doors, the NBA app released a new “Watch Party” function on the NBA app⁴¹. Powered by social streaming platform, LiveLike, fans could watch games and comment on live streams alongside their friends, enhancing the social element of their viewing experience (Exhibit 26). The feature also offers team-branded emojis, keyboard, stickers and reactions, providing a more personalised and interesting way for fans to interact with each other.

Online live sports betting

Subject to local regulations, sports properties are also looking at revenue opportunities in the betting and fantasy sports space. In view of the emerging sports betting landscape, NFL entered into its first US sports betting partnership with FanDuel, DraftKings and Caesars in April 2021⁴². The deal is valid for three years and estimated to generate USD 1 billion in revenue. The DFL also closed new international media deals with US fantasy sports company DraftKings for live betting streaming rights⁴³.

Expanded e-commerce offerings

Tap on the athleisure trend

On 23 January 2021, the NBA entered into a multi-year merchandising partnership with Decathlon⁴⁴. This partnership designates Decathlon as an official licensee globally and includes a wide range of dedicated merchandise collection, designed by Decathlon. NBA's merchandise would be distributed in more than 1,200 Decathlon stores and via its e-commerce site.

ONE Championship ventured into the apparels business with the launch of its athleisure e-commerce platform, ONE.SHOP in April 2020⁴⁵. ONE.SHOP offers fans with ONE and athlete branded athleisure products, including limited editions such as the ‘ONE x Bruce Lee’ collection. The sports property is also planning to grow their presence in China through popular e-commerce platform Tmall.

Digital reinvigoration of collectibles

Created by Dapper Labs and fully licensed by the NBA, the NBA Top Shot is a blockchain-based platform that powers NBA's digital trading cards marketplace (Exhibit 27). It extends the traditional physical trading cards into the digital space⁴⁶. Each digital trading card features a unique game highlight attached to it. Charging a 5% sales fee per transaction on the platform, NBA Top Shot has achieved over USD 230 million in transaction value. In February 2021, a LeBron James' dunk highlight was sold at a stunning resale price of USD 200,000⁴⁷.

Exhibit 27: Digital marketplace for trading cards



NBA Top Shot

Source: nbatopshot.com

⁴¹ Impey, S. (2020, August 17). NBA and Turner tap LiveLike for virtual playoff 'watch parties'. SportsPro.

⁴² Young, J. (2021, April 15). NFL picks Caesars, FanDuel, DraftKings for first wave of sports betting partnerships. CNBC.

⁴³ Williams, B. (2020, May 18). DraftKings acquires Bundesliga betting streaming rights in US. SportBusiness Media.

⁴⁴ Tan, J. (2021, January 22). Decathlon and NBA team up globally for league-branded merchandise. Marketing Interactive.

⁴⁵ All-New Official Online Shop of ONE Championship, ONE.SHOP, Launches Today. ONE Championship. (2020, April 21).

⁴⁶ Dapper Labs. (n.d.). NBA Top Shot

⁴⁷ Young, J. (2021, March 2). People have spent more than \$230 million buying and trading digital collectibles of NBA highlights. CNBC.

Strategy 3: Unleash the potential to thrive

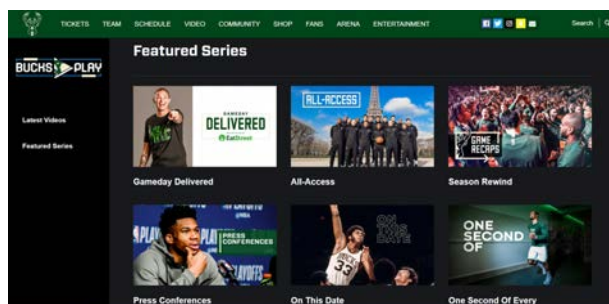
Sports properties are turning to new revenue streams beyond the traditional sports business model to grow. Many have capitalised on their brand IP and diversified into new content formats. The popularity of esports exploded during the COVID-19 pandemic and properties continued to invest in AR/VR technology. Many are also expanding into new emerging markets with high growth potential. The sports properties:

- **Branched out into non-match content genres**

Sports properties explored new content formats to monetise their brand IP, providing a new revenue stream while reaching new, younger audiences.

NBA team Milwaukee Bucks launched a new content hub, BucksPlay, to engage their fans while the season was on hold (Exhibit 28). BucksPlay offered behind-the-scenes footage, athlete lifestyle content and access to in-arena experiences⁴⁸.

Exhibit 28: BucksPlay offers fans new content while games were paused



Source: NBA Milwaukee Bucks

The Last Dance

The Last Dance, a documentary miniseries co-produced by ESPN and Netflix, focuses on Michael Jordan's rise to fame and the 1990s Chicago Bulls. Well received by fans across the world, Netflix reported that 23.8 million households outside of the US have tuned into a show for a minimum of two minutes in the first four weeks the series was released⁴⁹.

The series averaged 5.8 million viewers across premieres of its first six episodes on ESPN, 62% higher than the next-closest documentary debut on ESPN⁵⁰. The documentary was a hit among the young generation, delivering four most-watched programmes among Men 18-34 and the two most-watched for Women 25-34 in the US.

Formula One: Drive to Survive

Formula One: Drive to Survive is a docu-series produced in a collaboration between Netflix and F1. First premiered in 2019, the series provides fans a chance to see what goes on behind-the-scenes of the Formula One World Championship and offers a glimpse into the personal lives of drivers. Leveraging Netflix's extensive global subscriber base, the series further extended and deepened the global reach of F1⁵¹. Sports industry leaders commented that the expansion of content offerings through new stories is appealing to the 16-35-year-old market⁵². Adopting platforms such as OTT and creating the 'Drive to Survive' series will position F1 to attract and convert new fans, especially younger ones.

The Apprentice: ONE Championship Edition

The global reality TV show was launched under license from MGM and co-owned by MGM and ONE Championship⁵³. Similar to the original The Apprentice, participants compete in business cases revolving around real-world problems, but with the addition of new physical challenges.

The Apprentice: ONE Championship Edition premiered in Asia in March 2021 and garnered an estimated four million viewers. It leverages its existing sports personality and diversified into the reality show genre to appeal to casual sports fans and the wider population. The series also served as a platform for ONE to feature their brand partners such as Zoom, QuadX and Twilio. As of April 2021, its Asia premiere is the most-watched English language reality series for 2021⁵⁴.

⁴⁸ Dixon, E. (2020, April 9). Milwaukee Bucks launch coronavirus content hub. SportsPro.

⁴⁹ Evans, G. (2020, May 20). 'The Last Dance' Reportedly Streamed on Netflix in 23.8 Million Households Outside the U.S. Complex.

⁵⁰ 'The Last Dance' continues to set ratings records for ESPN. NBA.com. (2020, May 5).

⁵¹ Sylt, C. (2020, February 16). Revealed: F1 Netflix Series Was Streamed In 1 Million U.K. Homes. Forbes.

⁵² Yeomans, G. (2021, April 8). 'They're not purists, but it doesn't matter': How Drive to Survive is bringing F1 to new audiences. SportsPro.

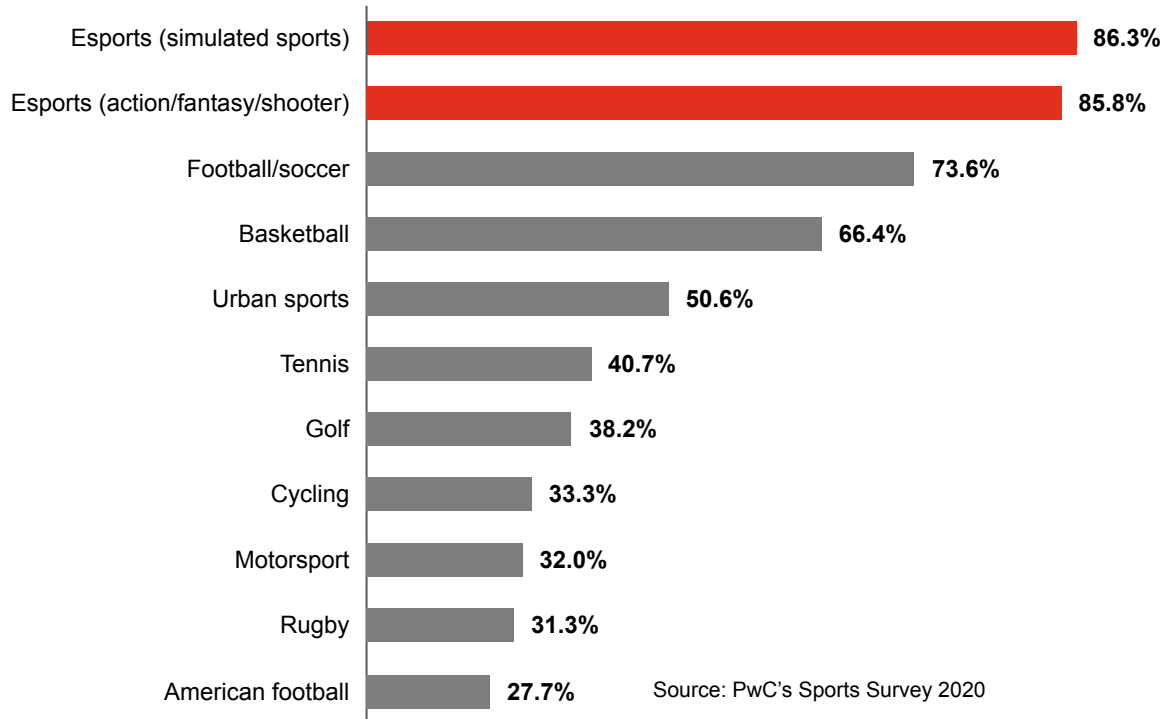
⁵³ Owens, M. (2020, February 20). ONE Championship To Launch A Unique Format Of 'The Apprentice' In Asia. ONE Championship.

⁵⁴ Khoo, J. (2021, April 8). What to Expect From the Rest of The Apprentice: ONE Championship Edition Season. Tatler Singapore.

Exhibit 29: Percentage of respondents ranking esports as the top for revenue growth potential

Ranking of top ten sports by potential to grow revenues

Percentage of respondents
(N = 702)



Source: PwC's Sports Survey 2020

• Leveraged growth opportunities in esports

Rise of esports during COVID-19 crisis

In the absence of physical sports activities during the pandemic, consumers and businesses have turned to simulated sports gaming as an alternative. According to the PwC's Global Sports Survey 2020, sports industry leaders expect simulated esports to experience the highest revenue growth potential⁵⁵ (Exhibit 29).

Sport properties with an established presence in esports benefited from the uplift in gaming and esports. The NBA's esports property, NBA 2K League, experienced a big hike in broadcast distribution and viewership in 2020. The live esports matches were broadcasted for the first time on linear TV across multiple continents, with over one million unique viewers⁵⁶ on ESPN2.

Its viewership success also led a record of 14 sponsors for the 2020 season. According to senior sports property executives, NBA 2K League's broadcast viewership on Twitch increased by almost 70% per year⁵⁷.

ONE Esports, the esports arm of ONE Championship, also rode the tailwinds of industry growth during the pandemic and strengthened their positioning in the esports arena. Between March 2020 and March 2021, 30 million unique visitors accessed its esports site. In March 2021, ONE Esports hosted ONE Esports Singapore Major 2021, the first major of the 2021 Dota Pro Circuit season, as well as the first top tier offline cross-regional event since the pandemic. According to Esports Charts statistics, the event recorded approximately 21 million hours watched, with over 600,000 viewers at the peak of the stream across all free streaming platforms⁵⁸. The esports event achieved a total of 274 million views across global channels⁵⁹.

⁵⁵ PwC. (2020, September 30). (publication). Sports industry: system rebooting. PwC's Sports Survey 2020.

⁵⁶ Combination of Twitch viewers with ESPN's viewership numbers

⁵⁷ Murray, P. (2020, October 11). With The Growth Of Esports, NBA 2K League Is Taking Off. Forbes.

⁵⁸ ONE Esports Singapore Major 2021 detailed viewers stats: Esports Charts. Esports Charts. (n.d.).

⁵⁹ Person. (2021, April 22). ONE Esports Singapore Major recorded 274M views. Reuters.

The International Olympic Committee (IOC) also took a leap into esports as the committee revealed the first-ever Olympic Virtual Series in April 2021⁶⁰. As one of the oldest sports organisations rooted in tradition, the recognition and partaking in esports by the IOC was an unexpected but welcomed move.

Motorsport is one of the fastest growing genres within esports. NASCAR launched a new esports competition, the eNascar iRacing Pro Invitational Series, in response to the pandemic⁶¹. The competitive gaming series featured drivers from various NASCAR race series and a group of NASCAR dignitaries racing from their homes via “sim rigs” (Exhibit 30). As one of the most successful esports campaigns, six of the series’ events on FOX were ranked as the highest-rated esports TV programs of all time, with two million new unique viewers⁶² tuned into the broadcast.

Similarly, Formula One introduced its new F1 Esports Virtual Grand Prix (EVGP) series during COVID-19⁶³. The series featured current F1 drivers racing for every postponed Grand Prix. F1’s EVGP series was a great hit, with a total of 11.4 million live stream views (98% higher than 2019) and recorded 23.8 million video views (29% increase from 2019)⁶⁴.

The EVGP Grand Final achieved a record 1.7 million social media engagements, highest in any F1 esports events. The EVGP also brought in new fans and delivered increased digital engagement for F1. In 2020, its followers increased 36% to 35 million - video views increased 47% and the total engagement doubled⁶⁵.

Exhibit 30: Racing “sim rigs” used in eNASCAR iRacing Pro Invitational Series



Source: Nielsen



⁶⁰ International Olympic Committee makes landmark move into virtual sports by announcing first-ever Olympic Virtual Series - Olympic News. International Olympic Committee. (2021, April 22).

⁶¹ Cainscar, H. (2020, March 21). eNASCAR iRacing Pro Invitational Series debuts. The Independent Tribune.

⁶² people who had not previously watched NASCAR in 2020

⁶³ Formula 1 launches Virtual Grand Prix Series to replace postponed races. Formula 1. (2020, March 20).

⁶⁴ Formula 1 Virtual Grand Prix series achieves record-breaking viewership: Formula 1®. Formula 1. (2020, June 19).

⁶⁵ Formula 1 announces TV and Digital audience figures for 2020: Formula 1. Formula 1. (2021, February 8).

- **Accelerated augmented and virtual reality (AR/VR) adoption in sports**

Beyond esports, AR/VR is also adopted to enhance the traditional sports viewing experience. For example, ONE Championship expedited its advancement in the AR/VR space. In 2020, ONE Championship uploaded VR fights onto its YouTube channel, providing fans with a unique sports viewing experience⁶⁶. ONE Championship further partnered with Facebook's Oculus to stream its 'Only on Oculus' virtual reality content on the Oculus platform, enabling ONE Championship to grow its presence in the VR market⁶⁷.

- **Pursued international expansion opportunities**

International expansion, especially into emerging markets, is another key avenue for the long-term growth of sports properties. Many sports properties, such as FIFA and UEFA Champions League, have already acquired a global fan base, which could be leveraged to establish further presence on the ground.

Localisation is key to success. Language, content format and programming, event design, as well as

the selection of community managers and media partners all play a fundamental role.

Over the COVID-19 pandemic, ONE Championship ramped up efforts to grow in China. It created the ONE Hero Series, a new tournament format tailored to the Chinese market, with all local athletes⁶⁸. In addition to broadcasting on national satellite channels, it also curated a localised digital media strategy, by streaming videos on leading local platforms such as Tencent Video, as well as trending short-form video platforms such as Douyin and Kuaishou⁶⁹. Beyond China, ONE Championship has also launched its own home pages in local languages on major social platforms to engage directly with fans in markets where it has a focus.

Borussia Dortmund, a German football club, recently launched campaigns in local languages across Thailand, Vietnam and Indonesia to deepen its footprint in the region⁷⁰. It replaced its original plans to visit Asia with a "Virtual BVB Tour of Asia", with virtual meet-and-greet sessions, live streaming of matches and training, and merchandise giveaway. It also partnered with local stakeholders such as Lion City Sailors, a Singaporean club, to host soccer challenges (e.g. crossbar challenge)⁷¹.



⁶⁶ ONE Championship VR Fight. ONE Championship – The Home Of Martial Arts. (n.d.)

⁶⁷ Group ONE Holdings. (2020, November 19). ONE Championship Announces Global Partnership with Facebook Spanning Exclusive Content, Facebook Gaming and Oculus.

⁶⁸ Mazique, B. (2019, April 14). How ONE Championship Has Beaten The UFC In Asia. Forbes.

⁶⁹ ONE Championship Makes Successful Return To Closed-Door Audience-Free Events With ONE Hero Series In Shanghai, China. ONE Championship. (2020, June 21).

⁷⁰ Impey, S. (2019, November 19). Borussia Dortmund hand DAZN Southeast Asia social media brief. SportsPro.

⁷¹ Chia, L. (2020, August 6). Football: Borussia Dortmund to launch Asia virtual tour from Aug 19-24 in Singapore, Shanghai and Tokyo. The Straits Times.

IV. The way forward



IV. The way forward

The COVID-19 pandemic has put the sport industry, among many others, in a prolonged stress test and called for a review of the status quo, especially in the aspect of business resilience. It is time for industry players to reflect upon challenges facing the industry and position themselves to seize new opportunities (Exhibit 31). The pandemic has indeed provided meaningful lessons for leaders of sports properties.

Exhibit 31: Opportunities and threats in the sports industry

Opportunities **71.7%** > **47.1%** Threats

Top opportunities to increase revenues

Percentage of respondents selecting “above average” and “very high” (N = 780)

Enhanced digital media fan experience	89.3%
Creation and monetisation of digital assets	82.9%
Innovation in media rights packaging and distribution	72.2%
Innovation in sponsorship rights packaging	70.4%
Monetisation of gaming and esports	69.9%
Improved on-site fan experience	62.6%
Monetisation of betting and fantasy sports	54.5%

Top threats to revenues

Percentage of respondents selecting “above average” and “very high” (N = 780)

Impact of health and safety crises	69.3%
Reduced finances to invest / innovate	58.1%
Dominance of major tech firms as gateway to content	45.8%
Growing complexity to reach/service fans	44.4%
Sports content saturation /scheduling conflict	41.0%
Piracy/illegal streaming	40.8%
Declining interest in live sports content	30.5%

Source: PwC Sports Survey 2020

IV. The way forward

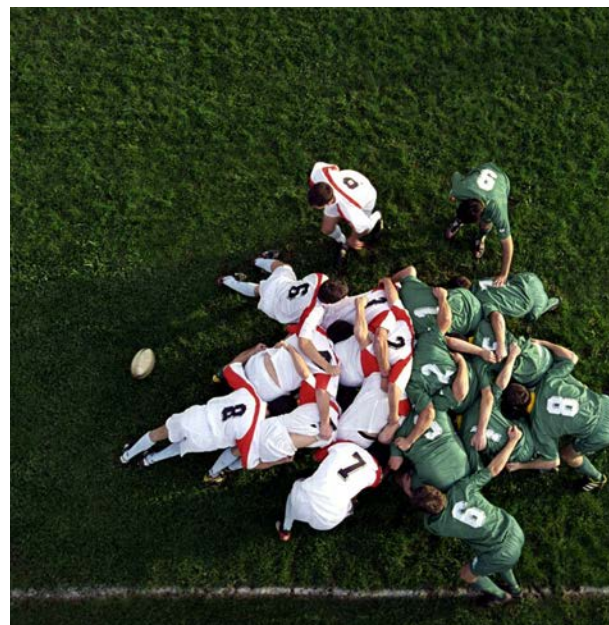
Key considerations for sports properties to emerge stronger

1. Build business resilience and formulate contingency plans to be crisis ready

- Anticipate challenges and potential threats to business continuity of sports properties and formulate a crisis contingency plan for swift responses.
- Collaborate with relevant government authorities promptly to formulate guidelines and plans as countermeasures.
- Build flexibility into the business model and diversify revenue streams to enhance financial resilience.

2. Expand digital revenue streams and digitalise fan experience

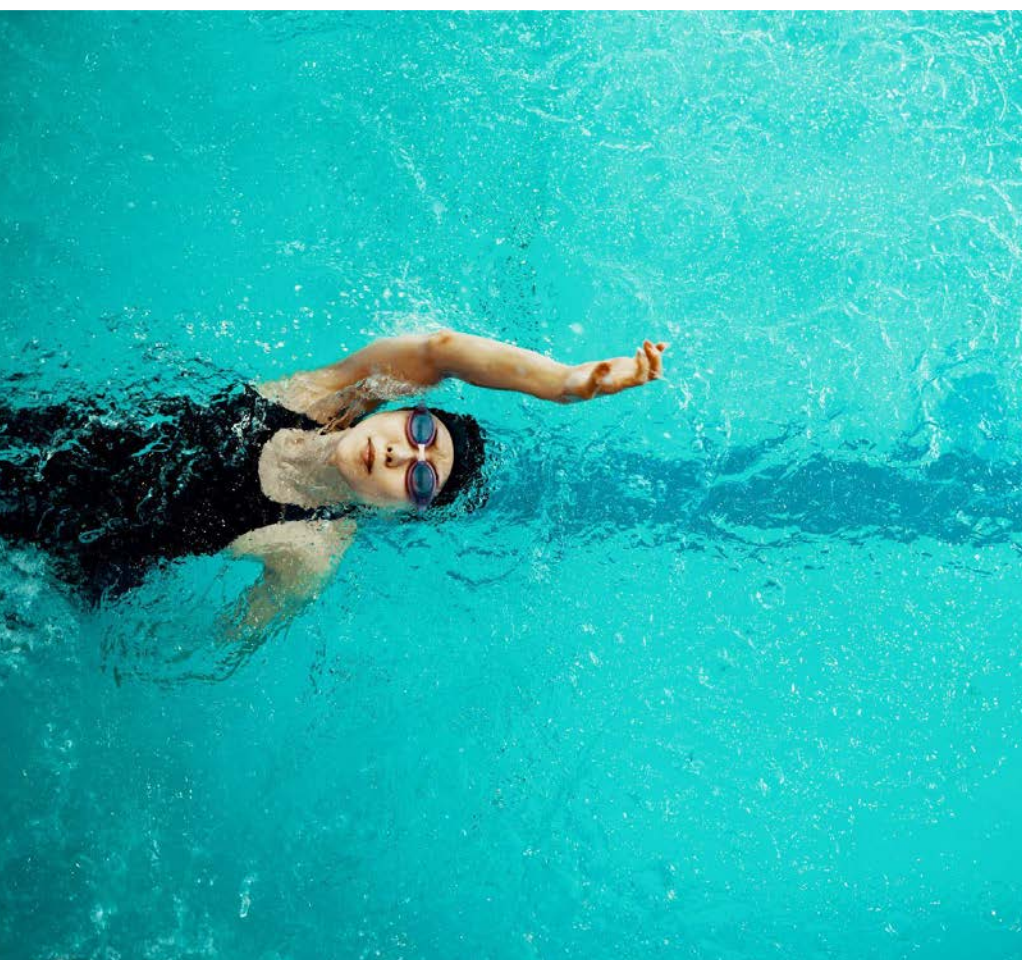
- Expand digital revenue streams on the back of current and emerging trends, such as OTT streaming, digital targeted advertising, interactive sponsorship, digital fan attendance.
- Create new digital touch points for the fan base by leveraging existing sports assets (e.g. game archives, behind-the-scenes content, player interviews) and digital technology (e.g. socialised viewing with build-in chat features, social media campaigns).
- Formulate a holistic digital media strategy based on digital audience engagement metrics. Tailor the programming and format to the profile of audience on each platform.
- Invest in digitally enhanced viewing experience with emerging technologies such as interactive multi-angle game viewing, augmented and virtual reality, etc.
- Enhance merchandise e-commerce strategy with new physical and digital products and services (e.g. athleisure apparel, digital collectibles, trading and bidding marketplace, etc.)



3. Embark on further growth opportunities

- Explore growth opportunities using creative storytelling in non-live sports genres (e.g. documentaries, reality shows, etc.) to build up and further monetise existing IPs, and to reach a wider audience
- Expand into the rapidly growing esports arena to activate, engage, and cross-sell to the younger audience through the publication of game franchises or implementation of a platform strategy
- Assess and pursue potential international expansion opportunities, especially in emerging markets, with localised content programming and partners to unlock long-term growth potential

Methodology



Our approach and objective

Our research for the purpose of this report is based on qualitative review and analysis of the COVID-19 impact on various sport properties, drawing on publicly available information (e.g. disrupted event schedule) and high-level financial estimates (e.g. revenue estimates) published by leading sport properties, leagues and organisations. Our research leverages on the viewership and engagement metrics collected for traditional TV and digital channels by various third parties (e.g. Nielsen), to better understand the duration of the impact and offers insights on the progress of recovery.

We also analysed the strategic initiatives implemented by various sports properties across the world during the pandemic, based on publicly available information (e.g. official figures published by media channels and leagues, press articles, etc.). Where available, the outcomes of such strategic initiatives were cited in the review to provide additional information on the level of success.

Further, our research draws key learnings from the success stories of various sport properties around the world and seeks to offer a consolidated framework around key considerations that sport industry stakeholders could adopt to navigate the new world challenges and position themselves for long-term growth opportunities in the years beyond COVID-19.



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