



PwC Sports Outlook

At the gate and beyond

Outlook for the sports market in North America
through 2022



www.pwc.com/us/sports

A young man with brown hair and a beard, wearing a red plaid shirt, is holding a black smartphone. A young woman with long brown hair, wearing a grey sweater, is leaning in and looking at the phone with a wide, joyful smile, her mouth open in a laugh. She has her fists clenched in a celebratory gesture. The background is a blurred outdoor setting, possibly a street or park.

Table of contents

2018 edition: Overview 3

Featured research and analysis

- Sports gambling 5
- The future of sports media rights 9

Appendix 13

Contacts 15

2018 edition: Overview

Welcome to the 2018 edition of the PwC Sports Outlook, which updates PwC's perspective on the sports industry, including recent results and potential opportunities and challenges to future industry growth. This year's edition refreshes our five-year revenue forecasts through 2022 within four key segments of the North American sports market: media rights, gate revenues, sponsorship, and merchandising.

We project the sports market in North America will grow at a compound annual rate of 3 percent across the four segments analyzed, from \$69.1 billion in 2017 to \$80.3 billion in 2022.

Media rights officially became the industry's largest segment in 2017, a year earlier than anticipated due to slower growth for gate revenue than previously forecasted. With key deals underlying the media rights segment locked in until 2022, the growth of

North America sports market by segment

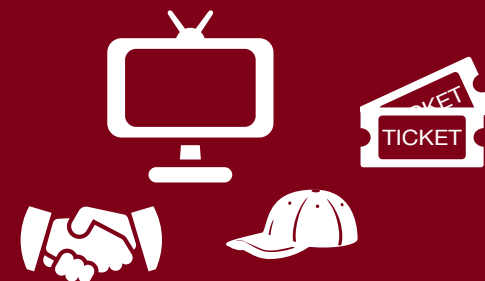
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR
US\$ millions											
Media rights	12,262	14,595	16,305	18,372	19,073	20,141	20,944	21,752	22,655	23,803	4.5%
Gate revenues	17,142	17,448	17,963	18,649	19,015	19,311	19,750	20,298	20,723	21,167	2.2%
Sponsorship	13,900	14,689	15,481	16,301	16,658	17,169	18,030	19,057	19,538	20,089	3.8%
Merchandising	13,144	13,493	13,806	13,966	14,390	14,565	14,739	14,938	15,091	15,238	1.2%
Total	56,448	60,225	63,555	67,288	69,136	71,186	73,463	76,045	78,007	80,297	3.0%

% change year on year

Media rights	19.0%	11.7%	12.7%	3.8%	5.6%	4.0%	3.9%	4.2%	5.1%
Gate revenues	1.8%	3.0%	3.8%	2.0%	1.6%	2.3%	2.8%	2.1%	2.1%
Sponsorship	5.7%	5.4%	5.3%	2.2%	3.1%	5.0%	5.7%	2.5%	2.8%
Merchandising	2.7%	2.3%	1.2%	3.0%	1.2%	1.2%	1.3%	1.0%	1.0%
Total	6.7%	5.5%	5.9%	2.7%	2.9%	3.1%	3.4%	2.5%	2.9%

CAGR - compound annual growth rate

Source: PwC Sports Outlook (October 2018)



Segment definitions

For the purposes of this report, the sports market consists of:

Media rights— fees paid to show sporting events on broadcast and cable television networks, television stations, terrestrial radio, satellite radio, the internet, and mobile devices.

Gate revenues— primary market ticket sales for live sporting events. Nonrecurring seat premiums and license costs are not included.

Sponsorship— fees paid to have a brand associated with a team, league, facility or event, including naming and category rights.

Merchandising— the sale of licensed products with team and league logos, player likenesses, and other intellectual property. Food concession revenues are not included.

rights in the near term are driven by contractual escalators within the national deals, as well as the run-off of 16 regional sports network (“RSN”) deals across MLB, NBA and NHL through 2020. The monetization of rights should remain strong through the beginning of the next national rights deal cycle, given increasing competition for rights among traditional broadcast intermediaries and emerging distribution partners.

Gate revenues are projected to increase at a compound annual rate of 2.2 percent, from an estimated \$19 billion in 2017 to a projected \$21.2 billion in 2022. Despite benefiting from league

expansion and new facility development, gate volume metrics (ticket sales and game attendance) have leveled off—and even decreased—as competition from game broadcasts and price pressure on certain ticket buying segments have continued to increase.

Sponsorship is estimated to surpass the \$20 billion threshold in 2022, at which point it is projected to close its market size gap to within \$1.1 billion of gate revenue. Future segment growth, projected to be the second highest across the four segments, should be supported by new inventory related to

gambling, digital media platforms, uniform rights, and incremental in-venue signage and naming rights opportunities.

Licensed merchandise sales are projected to increase at a compound annual rate of 1.2 percent (from an estimated \$14.4 billion in 2017 to a projected \$15.2 billion in 2022). The segment remains a relatively saturated market in North America with broad coverage of key consumer product categories and deep penetration of traditional buyer segments.

Compound Annual Growth Rates (CAGR)



Media rights

4.5%



Gate revenues

2.2%



Sponsorship

3.8%



Merchandising

1.2%

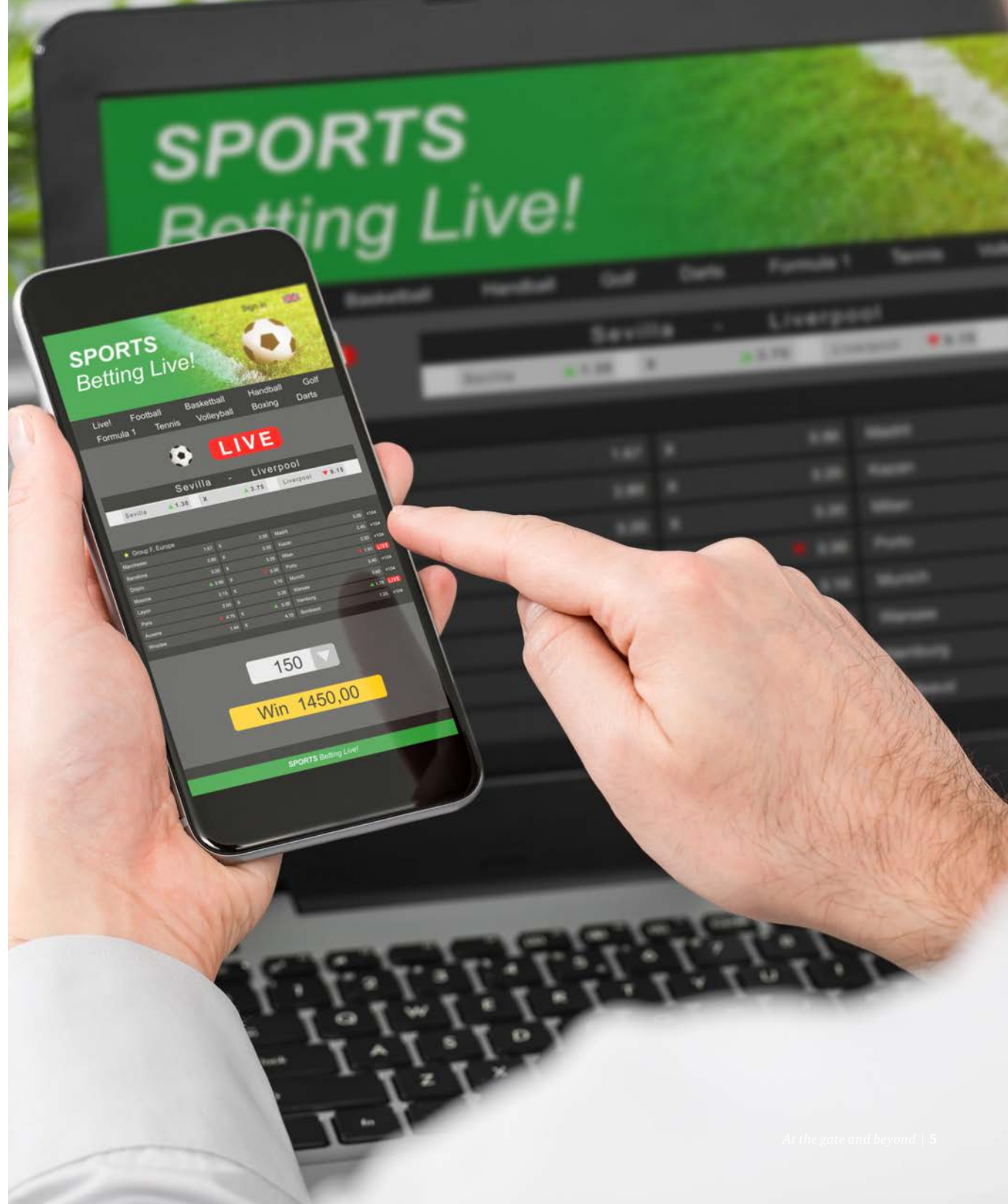
Sports gambling

One of the biggest sports stories of 2018 took place off the field and in the courtroom. In the US, gambling on sporting events has largely been illegal. As we look at the five-year Outlook forecasts through 2022, within the four key revenue segments, we focus on the impact of the legalization of sports gambling on various revenue streams during the Outlook and beyond.

Background

Gambling on sports (both legally and illegally) in the US has been around for a very long time. In 1949, the state of Nevada legalized sports betting. In the 1960s and 1970s, Congress passed a series of laws outlawing sports wagering including the Federal Wire Act (1961). Still, Americans continued wagering on sports, often through organized crime or friendly betting pools among business colleagues and friends.

The Professional and Amateur Sports Protection Act of 1992 (“PASPA”) was meant to define the legal status of sports betting in the US. The Act made sports betting illegal in the US, with the exception of sports “lotteries” in Oregon, Delaware, Montana and Nevada. Over the years, there were a number of challenges to the Act. Finally, in May 2018, the Supreme Court ruled PASPA was unconstitutional as it took power away from the states. It allowed individual states to determine whether to legalize sports wagering.



States moved quickly to take advantage of the ruling. In June 2018, Delaware and New Jersey joined Nevada in legalizing sports betting. Mississippi and West Virginia followed suit and other states, including Pennsylvania and Rhode Island, are on track to legalize it as well.

What does this mean to the various professional leagues? To the teams? To the fans? We will examine the potential impact on each of these interests.

Leagues

Major professional sports leagues have opposed legalized sports betting for years. In 1992, then-NFL Commissioner, Paul Tagliabue, testified before Congress about the NFL's interest in curbing sports betting stating:

“Sports gambling threatens the character of team sports. Our games embody our very finest traditions and values. They stand for clean, healthy competition. They stand for teamwork. And they stand for success through preparation and honest effort. With legalized sports gambling, our games instead will come to represent the fast buck, the quick fix, the desire to get something for nothing. The spread of legalized sports gambling would change forever—and for the worse—what our games stand for and the way they are perceived.”

Ironically, while the leagues protested keeping sports away from gambling, every sports section of every newspaper listed upcoming games and the point spread. From 1976-1988, CBS's NFL Today featured Las Vegas bookmaker Jimmy “The Greek” Snyder, who performed a delicate dance around sports and betting. Rather than making a pick against the point spread on NFL games, he would offer up the final score. CBS was playing to the betting crowd and “Jimmy The Greek” became a celebrity. Was CBS onto a potential sponsorship opportunity for that segment? How will the networks incorporate gambling into the broadcasts? What could that opportunity represent in the future?

With PAPSA being overruled and states beginning to legalize, the leagues have been forced to reexamine their position. Several of the leagues are seeking an “integrity fee” to be paid by sportsbooks. Initially, leagues suggested a percentage of the handle (gross amount of all wagers). These fees would amount to a tax on legal sports betting, transferring money from the sportsbooks to the leagues. The leagues maintain that with legalized sports betting, there is an increase in the amount of time and money they are required to spend on data monitoring and other compliance items to ensure integrity of the game. Opponents of the integrity fee maintain that sports wagering has existed for years without the imposition of fees. If there is a fee, they want it paid on the net revenue (wins minus losses).

NBA Commissioner Adam Silver stated:

“We think the integrity fee is something that we are entitled to, one, because we have the additional costs

and also—something that as I’ve said before, we’re not hiding from—that we also think we are due a royalty. And that if the intellectual property that is created by this league—and I know all the leagues support this position, but in the case of the NBA, we will spend roughly \$7.5 billion creating NBA basketball this season. And to the extent that product is then used for casinos, betting parlors to make money on, we feel—just in the same way a musician that receives a royalty for the music that’s being played, we should receive some sort of royalty. So call it a royalty, call it an integrity fee, we will have additional expenses and it’s ultimately our intellectual property, and we think we should be compensated for it.”¹

Assuming that a mature legalized sports gambling industry could generate an annual handle of \$100 billion (in 2017, the total handle in Nevada alone was \$4.8 billion), a 1 percent integrity fee would yield \$1 billion to the leagues (and potentially collegiate athletics as well) to split. There is potentially a lot of money at stake.

In addition to the integrity fee, leagues are exploring sponsorship revenues. In July 2018, MGM Resorts and the NBA announced a new multi-year

¹Legal Sports Report, *NBA’s Adam Silver On Sports Betting: ‘The Integrity Fee Is Something That We Are Entitled To’*, June 2018.

partnership making MGM Resorts the official gaming partner of the NBA and WNBA. As part of the partnership, MGM Resorts will use official NBA and WNBA data and branding across MGM Resorts' sports betting offerings throughout the United States. According to press reports, the deal is for three years and worth \$25 million.

In September 2018, the NFL relaxed its existing policies on accepting advertising from casinos. The NFL is now accepting sponsorships from casinos that offer sports betting (with certain restrictions). Under one of the restrictions, casinos with sportsbooks cannot mention the sportsbook in their advertising. Another restriction prohibits any type of revenue sharing with sportsbooks and teams. Still, this enables the league, individual teams and broadcasting networks to participate in a new advertising revenue source.

Over the last few years, leagues have become less averse to Las Vegas. The NHL placed an expansion franchise in Las Vegas and the NFL has approved a team to relocate to Las Vegas. Casinos will be sponsors and purchase premium seating as well as season tickets.

Later in this Sports Outlook we will examine the potential future state of media deals (post 2022). Signs point to legalized sports gambling having a positive impact on media rights deals for leagues and teams. According to a September 2018 Nielsen sports study, commissioned by the American Gaming Association (AGA), NFL media rights are projected to increase by nearly 18 percent because of the appetite of bettors looking to consume live sports events.

How much could the NFL gain from legal sports betting?

\$2.326B

Total projected revenue

Fan engagement revenue

\$1.753B

Increase in revenue from fan engagement*



Revenue not incurred directly from betting operators, but rather as a result of increased consumption and engagement with the league and its content/products.

Gaming-related revenue

\$573M

Gaming-related revenue



Revenue paid directly from betting operators, in the form of sponsorship, advertising, and product fees.

Fan engagement revenue

Impacted by consumption is projected to

increase 13.4%



Media Rights

17.9%



Sponsorship

7.6%



Merchandise

2.1%



Ticket Sales

6.5%



*Assumes best case scenario: full impact/transfer of consumption habits as people shift bettor segments (non-casual, avid bettors; i.e. non-bettors who say they will become casual bettors will adopt 'casual bettor' consumption /involvement with the leagues once they start betting).

Source: The Nielsen Company (US), 2018

Teams

In addition to receiving their portion of any league wide integrity fees or sponsorships, teams are free to enter into sponsorships with sportsbooks (subject to any league restrictions). Initially, these opportunities may be limited to teams in states where sports gambling is legalized; however, as national/international gaming companies become involved, sponsorship opportunities may arise for all teams (whether sports wagering is legal in their states or not).

There is the potential for teams to adopt more of a European approach to sports gambling in the future. In the English Premier League, a number of casinos are shirt sponsors. Casinos also have sportsbooks located on the premises of the venue allowing for wagering on the match. Teams are able to participate in revenue sharing with the sportsbooks. Online gaming is also available. All of this has the potential to lead to increased fan engagement and participation.

Fan engagement

With the increased quality of the in-home experience, together with the rising cost of attending professional sports events in person, leagues in the US face the challenge of incentivizing fans to continue to attend live sports events.

Imagine a future scenario in which a sports gaming company pays to sponsor a professional sports team. The gaming company partners with the team to design a world class app that allows fans to wager on a variety of team and individual outcomes during a game. Further, to incentivize fans to attend the game live and use the app, the app could

apply a dollar credit to the fan's individual account to be used for wagers. The team could also offer food and beverage credits, or retail credits, for fans who arrive early and wager, or stay after the game and wager. This unique experience could be made available only to those attending the game (or at higher incentive levels to fans attending in person versus those fans watching at home). Fans could wager from their seats in the stadium. The opportunities for additional partnerships with technology companies to improve the digital experience are significant.

Sports wagering has the potential to increase fan engagement, provide benefits to fans who participate and offer additional entertainment to fans on game days and beyond.

Continuing regulatory battles

Post-PASPA, Congress has slow-walked potential federal legislation dealing with sports gaming, leaving legalization to the states. Each state has its own unique approach to the issue, and leagues and gaming interests may be forced to navigate fifty separate legislatures while fighting to secure the most advantageous regulatory environment.

Early battles have focused on integrity fees, taxation levels, and online gambling. New Jersey became the first state outside of Nevada to legalize online wagering, and has seen explosive revenue growth, with the state's monthly handle rising from \$40 million to \$100 million between July and August. The fragmentation of the landscape serves the interests of local gaming companies, who have deep familiarity with state legislative actors and regulators.

So far, states have rejected the sports leagues' proposals, and refused to implement integrity fees. However, some companies have begun to enter into data sharing agreements with individual leagues. In the continued absence of a nationwide framework, there are a number of opportunities to tailor offerings to individual markets with differing requirements.

Conclusion

While we are only a few months into legalized sports wagering in certain states, it is clear that the opportunity for teams and leagues to monetize it can be great. Whether it is through media or sponsorship, combining wagering with increased fan engagement could also increase ticket revenue or retail revenue. In the long run, the stakes are high.

The future of sports media rights

What are the biggest drivers for any brand? To name a few: Reach. Immersion. Impact. What keeps professional sports leagues buoyant and profitable is access—as lucrative media rights deals have skyrocketed, more notably, player salaries have followed suit.

Since the advent of television, major sports media rights have a handful of bidders—national networks and regional sports networks—the only suitors with the capacity to distribute so widely.

But the game is changing. The digital revolution is attracting new entrants into this exclusive competitive space: these include the FAANGs (Facebook, Amazon, Apple, Netflix, Google) and both A's are the only publicly-traded companies that have exceeded one trillion dollars in market capitalization.

Our Sports Outlook looks at revenue projections through 2022. That's a big year for TV rights, as broadcast contracts for the NFL and MLS both expire after that season. The NHL's contract expires a year beforehand and the NBA in 2025. While no one can predict what will happen, we focus on some market dynamics to build a framework of how we think the game will change. When we think of a brand's content ecosystem—actual program, brand website, video streams, social media feeds (Twitter, Facebook, Instagram)—the brand has a 24/7/365 opportunity to connect. While a game takes three hours to complete, brands want to harness the whole clock, which is where disruptive forces feast.



The change of the change

What's changing isn't merely the introduction of digital platforms, it's how audiences consume their entertainment—a two-screen experience is now commonplace.

Technology and viewing behavior are disruptive forces, putting pressure on sports rights holders to create new fan experiences around media rights. Smartphones and social media platforms are challenging the status quo; Twitter and Amazon have already completed one-year \$10 million and \$50 million deals, respectively, with the NFL for non-exclusive US rights to stream live Thursday Night games. Amazon and the NFL re-upped for two additional seasons at \$130 million, giving Amazon's Prime Video subscribers additional content. Facebook's deal with the MLB to broadcast 25 weekday afternoon games is noteworthy because it negotiated exclusive streaming rights. How will the competitive landscape look five years from now?

For one, social media metrics show a surge in activity (unique visitors and minutes spent) during live sporting events. Taking a step back, why does watching a live game and tweeting about it have to be separate experiences? Integrating a unique monetization approach on a second-screen experience into a broadcast rights package could be tantalizing to any brand, or any league. If content is king, then what is experience?

The generation gap is an interesting dynamic—advertising power is with the 18-49 year old demographic. By 2022, spending power will contribute to a changing or new form of sports consumption, which may be very different from what we see today.

Evolving business model

A common dictionary definition of broadcast is to transmit by radio or television. That notion is beyond being challenged; it's already outdated. How will consumers experience live sports in 2023 and beyond?

Since the future is best seen with a running start, let's see how we got here. A dive into the birth of the nation's first broadcasting company, NBC, reads like a modern story of acquisition and consolidation that played out in the 1920s, featuring companies that range from recognizable to iconic: GE, RCA, AT&T, Westinghouse. The cable industry got off to a slow start in the late 1940s but started taking off in the 1970s, when the proliferation of satellites allowed for newfound distribution possibilities. These developments created a new need for content, and the modern TV bundle was born.

A defining moment for the cable industry came in 1992 when government regulation allowed broadcasters to charge distributors to carry their signals. Today, it's these carriage fees for individual channels that are driving bundle costs up, thereby creating a significant and growing market for a la carte consumption.

Multichannel Video Programming Distributors (MVPDs) such as Comcast, AT&T and DirecTV have owned the content and distribution game, but the link between those two pieces is getting ripped apart. The slow decline of subscription-based models has been accompanied by a revolution in content streaming. People want to be in control of their content and enjoy it on their terms. The Video On Demand model is relatively straightforward when it comes to long-form or pre-produced

programming, however the live element introduces exciting wrinkles and possibilities. There is simply no replacement for consuming content as it is happening. While news outlets have relatively equal access to the people and places making the news, for live sports, it is predetermined where all the eyes go based on negotiated media rights.

The future of consumer demand for live sports and the cable bundle appear to be going in opposite directions. This upcoming wave of major sports broadcasting contracts could suture the wound or perhaps break the bundle's back.

A different game

While owning rights to broadcast games sounds straightforward, there are wrinkles. The NFL RedZone is a fascinating story of giving consumers what they want. This channel, only shown on Sundays during the early and late games, bounces from game-to-game (CBS and FOX televised games), showing every touchdown from every game, commercial-free. This speaks more to stats-crazy Fantasy Football fans than fans who want to watch a game unfold. The channel's experience is bombarding and frenetic, but genius. Available on most providers' platforms, this season it is available for the first time as a stand-alone streaming service at \$5 per month.

What's at play here? Fans are paying for the opportunity NOT to watch an actual game, instead watching live moments from multiple games unfold simultaneously. At a time when many care more about their fantasy teams than their favorite teams, media rights bidders need to take notice.

Let's take that one step further, and disassociate player performance from team performance. Imagine this: a consumer settles in front of their couch at 12:50pm, 10 minutes before nine NFL games are about to start. The only team they care about is their fantasy team. Across multiple connected devices, they select isolation cameras on their favorite players (and players on the opposing fantasy team) and prepare to watch 15 simultaneous live feeds. Their only scoreboard is an automatically customized scoreboard based on the isolation cameras they selected. How will media rights suitors cater to the personalized experience that audiences have come to not only seek, but expect?

Another factor in the changing business model of live sports television is the recent deregulation of sports gambling. Live sports are already at the core of American culture—increasing the supply of sports betting will further increase the demand for live sports. Earlier in this Sports Outlook we analyzed the impact of the legalization of sports betting on the sports landscape.

Courtship and competition

Competition drives cost. How can leagues decide who to trust with their brand to bring consumers the best experience?

It will be less complex for traditional competitors to match new entrants in digital capabilities than for new entrants to match traditional competitors' distribution capabilities. But let's not consider these in mutually exclusive terms.

How will partnerships and acquisitions alter the playing field?

Partnerships between tech powerhouses and major distributors give both access to audiences they would otherwise not have exposure to, e.g., younger generations through alternative streaming platforms. One example is Amazon and CBS's All Access launch as an add-on subscription option for Prime members, delivering another option for customers to access live NFL games and other sports. This gives TV providers an opportunity to generate incremental advertising dollars through these partnerships.

Launching digital services is a trend across all traditional networks – although many have been dipping their toes in the water via acquisitions (Disney and BAMtech, NBC and Playmaker Media).

ESPN recently launched ESPN+, its dedicated over-the-top (OTT) streaming subscription service with exclusive live games and content. However, consumers can only sustain so many subscriptions. Eventually, there will be major players who own bundled packages, giving way to a new age of digital content bundles.

Another area of fascinating potential is vertical integration. For example, look at AT&T's potential broadcast rights ecosystem: Content Creator/Broadcaster/Programmer (Turner) + Linear Distributor (DirecTV) + OTT Digital Platforms (DirecTV NOW, Bleacher Report Live [Turner]) + Mobile Network and Internet Provider (AT&T).

Consider how alluring and lucrative a joint bid between a traditional player and a new entrant could look?

How will consumers experience live sports in 2023 and beyond?



Next gen consumer demands— Graduating from toys to tools

The maturation curve of a new technology is from toys of wonder to tools that become game changing. The XR space—AR (Augmented Reality), VR (Virtual Reality), MR (Mixed Reality)—is up for grabs in the race to build the ultimate fan experience.

The NBA has begun to experiment—NBA G League games on Twitch where there are interactive statistics overlays and co-streaming options for Twitch personalities to provide live commentary.

Fox Sports VR allows users to access their fan experience via various VR equipment including Oculus Rift, Gear VR and Google Cardboard.

Tech giants are deeply steeped in this race: Facebook acquired Oculus and Google acquired Owlchemy Labs. It is interesting that they have different partners which may indicate different objectives (Google: NFL, NBA, NBC, HBO, Netflix; Facebook: Samsung, University of Washington to create VR/AR Reality Lab, RED Digital Cinema to produce a professional VR camera, Xiaomi to build VR headsets).

Crystal ball

The sports world will grow more obsessed with ways to experience live sporting events. In lieu of predicting how broadcast rights negotiations will unfold five years from now, here are three scorekeeping considerations:

Leading indicators—How are traditional competitors (networks) and new entrants (FAANGS, etc.) partnering with and acquiring companies, even within each other's existing umbrellas of companies, products and services? More than ever, core capabilities are critical to create leverage in the marketplace; in today's fast-moving environment that's best achieved through partnerships or acquisitions rather than organic growth.

Dipping their toes in the water —A potential surge of toe-dipping by new entrants (into short-term non-exclusive rights deals) and traditional players (into digital capabilities) could peak and wane, as companies might not want to reveal their hands.

New supply—Sports leagues exist because of the lucrative TV deals that distribute them. New leagues could create new supply that a deep-pocketed tech giant could swipe up.

Let's use football as an example: The AFL-NFL merger wouldn't have happened if the AFL had not secured a broadcast deal with NBC, which financially secured the AFL's existence for the foreseeable future. That led teams in both leagues to battle for fans, players and coaches. Owners couldn't sustain multilateral bidding wars. The rest, as they say, is history.

How will history look back upon the second coming of the XFL, potentially slated for 2020?

Vince McMahon's initial vision came to life for one year, in 2001, with NBC owning broadcast rights for two seasons. After the inaugural season garnered bad ratings and heavy criticism, the league didn't have a chance to adjust because NBC pulled out of the second season.

So, what's different this time around? Perhaps most notably, the focus is on streaming, not broadcasting. McMahon's words from January 2018, after going public with his plans, resonate loudly with a potential future framework:

***“I don't think people want to see the same thing when they're streaming as they see on television. That's boring. I think fans want it shot in a totally different way, and I think there's an immersive opportunity that's more interactive to the game.*”**

To me the landscape has changed in so many different ways. Just look at technology and companies like Facebook and Amazon bidding for sports rights. Even if ratings go down, there's no denying that live sports rights continue to be valuable and continue to deliver.”

.....



Could a new entrant strike a deal with the XFL as a stepping stone to understanding and right-sizing its value-adding proposition with eyes on a future shot at a big media contract? It is a great opportunity for a new league desperate for attention and a new entrant or traditional competitor to kick the tires on a whole new world.

New demand—Legalization of sports gambling, for one, could so fundamentally alter the climate for consumption that it becomes an aspect of a creative rights package. As major players continue to acquire, divest and partner, their unique holistic solutions could exceed the impressive sum of their parts.

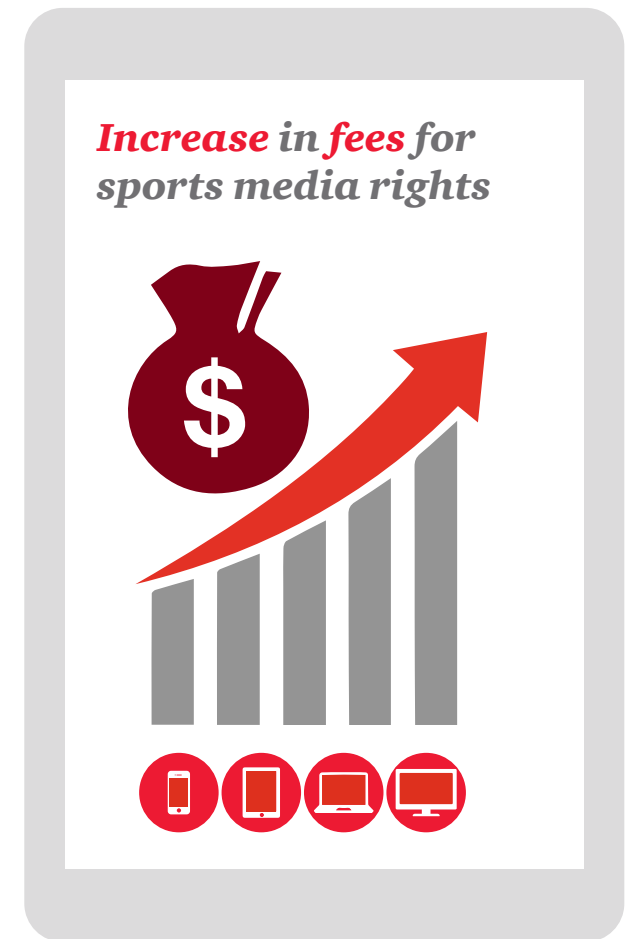
Let's go back to Amazon. Jeff Bezos' empire will only expand. Think about some of its current parts and how they could add value to the NFL:

- Alexa (special capabilities for NFL—both during games and 24/7/365 interests)
- Whole Foods (think promotions)
- Washington Post (gateway to local and national digital journalism)
- Twitch (live streaming video platform)
- Elemental (innovative technology that allows media companies to deliver live and on-demand video to any device, at any time, all at once)

Synergy might be an overused word in the business world, but consider its definition: *producing a combined effect greater than the sum of its separate effects*. Considering the shifting, personalized experience a consumer has come to expect, synergies are really what's at play here—a strategic philosophy all traditional competitors and new entrants should be thinking through.

Conclusion

No matter how consumers experience live sports (in 2023 and beyond) across their devices, channels and apps, one thing is for sure—all signs point to an increase in competition for sports media rights which could yield a significant rights fee increase.



Appendix

Historical data

Historical estimates and future projections were built starting with the collection of historical data from a variety of sources, including confidential and proprietary sources. Third-party sources of publicly available information, including trade associations and government agencies, were also consulted and their information used indirectly as part of the proprietary calculations.

Projection methods

All projections are built around historical and current data, along with informed assumptions from our industry specialists related to factors likely to impact future trends (including economic, demographic, behavioral, technological, competitive, and other drivers). Multiple models were developed for each segment and the alternate results were reconciled by our industry specialists to represent the most accurate and likely scenario of future trends based on our professional experience and knowledge.

Growth rates

Annual year-on-year growth rates and compound annual growth rates (CAGRs) have been calculated and presented in this report. The CAGRs show the average annual growth in each segment between 2018 and 2022 and are calculated using the following formula:

$$\text{CAGR} = 100 * [(\text{Value in 2022}/\text{Value in 2017})^{1/5} - 1]$$

Inflation

All figures are reported in nominal terms reflecting actual spending transactions and, therefore, include the effects of inflation.

Glossary

CAGR	Compound annual growth rate
MLB	Major League Baseball
MLS	Major League Soccer
NBA	National Basketball Association
NFL	National Football League
NHL	National Hockey League





Featured topics in other recent editions

2017 edition

Major league team deals
Facility capital funding/financing
Ticket subscription products
Immersive sports media



2016 edition

Season ticket remodel
Premium seat market size
Fan zone building program
Immersive digital products
Sponsorship segment composition
Retail business model



2015 edition

Dynamic pricing
Rewards programs
Fan zones
Media rights fee premiums
Naming rights
Retail business models & satellite locations



Contacts



Mark McCaffrey

Partner, US Technology, Media, & Telecom Leader
mark.mccaffrey@pwc.com



Shawn Panson

Partner, Private Company Services Leader
shawn.panson@pwc.com



Michael Keenan

Managing Director, Sports Practice Leader
michael.keenan@pwc.com



Greg Peterson

Partner, Sports Deals
gregory.j.peterson@pwc.com



Andy Rey

Partner, Sports Assurance
andrew.rey@pwc.com



Archie Fagot

Partner, Sports Tax
archie.fagot@pwc.com



Christopher Vollmer

Partner, US TMT
Global Advisory Leader, Entertainment & Media
christopher.vollmer@pwc.com

The following PwC professionals contributed their experience and knowledge to produce this paper: Greg Pepitone and Peter Schwartz.