

THE 2024 STATE OF SPORTS MARKETING

*There's Family. There's Work.
And Then There's SPORTS.*

A Canvas Worldwide Exclusive Report in
Partnership with Brand Innovators



x





A NOTE FROM THE MANAGING EDITOR

PAUL WOOLMINGTON

Nothing in Media and Advertising Can Compare To the Power of Sports.



WITH THAT NOTION TOP OF MIND AS WE GET READY FOR the Super Bowl XLVIII this Sunday, Canvas Worldwide is proud to partner with Brand Innovators on the start of a content series designed to illuminate the value of sports and its constantly evolving relationship to brands, media, tech platforms, and audiences.

There's a timeless set of deep-seated cultural traditions that bind sports, teams, players, and fans, and a long history of media engagement between those fans and advertisers. And for casual viewers who may pay attention only to major championship events, sports command a central place in the media landscape.

As a business, the sports industry operates in a perpetual state of experimentation, embracing the latest trends in media and technology to shape and direct that vast network of fan and media interaction.

The inherent ability of sports to surprise in the moment makes it incomparable to any other spectacle, making it, at its core, the last bastion of live, mass media.

Brand advertising and sponsorships make sports and the ever-expanding fan experience possible.

This inaugural Canvas Sports POV represents a wide-angle look at the richly complicated world of sports through the prism of branding, media, and tech.

There are three themes that run through this report: brand inter-

action with leagues and media, the evolving ways that fans watch and engage with their favorite teams and athletic stars, and the lead-up to 2028, when the Olympics returns to the U.S. for the first time in 26 years. While this report strives to be as comprehensive as possible, consider this the first quarter of a larger conversation among sports leagues, media entities, and brands about the present and future of professional sports.

While this report strives to be as comprehensive as possible, consider this the first quarter of a larger conversation among sports leagues, media entities, and brands about the present and future of professional sports.

If you have comments or would like to join the conversation, email: SportsPOV@Canvasww.com

CONTENTS



06

The Changing Preferences of Sports Fans

01

The Importance of Sports in the Media Landscape

07

The Rise of Women's Sports: And What It Means To Brands

02

Super Bowl: What Happens In Vegas

08

Emerging Sports: The Niche Label No Longer Applies

03

Sports Fans and Super-Fans — And How Brands Can Tap Into Both

09

Media Sponsorships, How They Could Evolve?

04

Increasing Fragmentation and a Challenging Broadcast Environment

10

Sports Betting Pays Off

05

The Shifting of Sports Rights

11

New Technologies: AI Takes The Field



1

The Importance of Live Sports in the *Media Landscape*



THERE'S FAMILY. THERE'S WORK. AND THEN THERE'S SPORTS.

NO OTHER ACTIVITY directly sustains our individual lives comes close to sports. It exerts a unique grip on our attention and our sense of time. From news and information to music and entertainment productions, there is no match for sports' magnetic pull.

Except for, perhaps, the most ardent Taylor Swift devotees, diehard sports fans stand out for sheer devotion. They purchase tickets with alacrity and in enduring numbers. They show up consistently as crowds that form lasting communities that stay together even during years of losses.

The most beloved pop star's chart-topping days are finite. But sports teams hold on to their fans for generations.

That attraction could be the sport itself, like football, baseball, basketball, hockey, tennis, golf, or racing. Imaginations could be singularly focused on a particular team or a specific athlete. Through hard-fought wins, bitter losses, shocking scandals, and just general hard times, whole sports, teams, and athletes will keep their hold on a substantial population of TV viewers whose attentiveness remains fixed from the start of play until the final score.

Live sports are a communal experience. It doesn't matter if the fan is at the game, at a sports bar watching a TV mounted above the top shelf liquor bottles, or even if the viewer is alone stretched out in their living room recliner. They are all participat-

In an age where consumers engage in self-selected "media bubbles," **sports are the last remnant of "mass media."**



ing in a larger moment that extends from where the fan is physically situated to across all media platforms in real-time.

"Live sports are driven by the power of fandom," says Alan Moss, Vice President, Global Advertising Sales at Amazon. "The passion, commitment and interest fans have for their team culturally is what brands seek and want to align with to use as a way to deepen their relationship with their customers."

Live sports bring a brand's customers together for more than one game or match. This programming also drives conversation in the days and moments leading up to, during and after each event, Moss adds.

That broad halo is attached to Amazon's e-commerce core. And that's what propelled Amazon Prime as a streaming giant and its spate of massive sports rights deals, including its recent \$115 million investment in local TV network Diamond Sports Group. Even as Amazon decided not to renew its rights to its 2019 bid English Premier League, Amazon still has the French Ligue 1 soccer league, in addition to its ongoing arrangements with the French Open tennis tournament and the NFL's Thursday Night Football franchise.

Fans plan and prepare for sporting events. They think about where they will watch their team play. They shop for food or team merchandise for the game and engage with those who have both similar and rival fandom.

The massive scale that Live Sports delivers fosters that cultural force," Moss says. "When something happens in a game and 15 million people have watched it unfold together — whether they are witnessing a historical moment or can't believe what they just saw — those sports fans are united in that communal moment and share that passion with others through conversation, reflection in the hours and days that follow.

In an age where consumers engage in self-selected "media bubbles," sports are the last remnant of "mass media." To a large degree, it is inherently local and traditional, as fandom is passed down from one generation to the next. Interest in sports cuts across economic, religious, gender, and all manner of cultural barriers.

All those aspects are layered over the unpredictable nature of sports. That's where its value to draw attention resides. That value is powered by brand dollars and media distribution.

The value is further enhanced by the ways sports are always advancing its technological and media capabilities all while retaining a sense of continuity between the game and fans.

"The balance between the latest tech and the history of the game is



an art, but that's key to any iconic brand," says Marissa Solis, SVP – Global Brand & Consumer Marketing, National Football League. You must always keep the timeless things that make your brand who and what it is, even as the game is ever changing."

There's constant change in the culture. And those changes are reflected in the fan base, Solis says. There's change in technology, there's change in advancement in medicine and sports.

"I always tell my team that the timeless and the timely have to coexist constantly to be successful," she adds.

THE LIVE SPORTS BALANCE

The way leagues, media companies, advertisers, and fans respond to that balance is captured in the way live sports is distributed and accessed.

More than 47% of the U.S. watches live sports. That's why PwC projects the sports-sponsorship market growing from \$63.1 billion in 2021 to \$109.1 billion by 2030.

The Super Bowl's centrality as the ultimate mass media event continues to gain steadily in cultural and revenue significance. But it's not the only main attraction. The establishment of American sports – football, basketball, baseball, and hockey are as popular as ever – but elite women's sports have clearly arrived. It's no longer in "emerging mode," given the solid fandom and the media dollars that have

followed its growth. According to a Deloitte Nov. 2023 forecast, elite women's sports are expected to surpass \$1 billion in 2024. The major leagues are making room.

With live sports expanding its presence in streaming, sports leagues still maintain their foundational ties to broadcast.

There's no overstating sports' importance to linear TV. As Variety's tally of the 100 most watched primetime linear TV broadcasts in 2023 show, sports made up 56 of those program **slots**. Breaking it down, the top 100 broadcasts included 45 NFL games, six for the NBA Finals; three for National Collegiate Athletic Association's March Madness basketball and one each for college football; and Fox's "The OT" NFL postgame show.

If there were an Olympics in 2023 – and if last year's five-game World Series between the Arizona Diamondbacks and the winning Texas Rangers had attracted more than 9.11 million viewers (for a 4.7 rating) – sports would have been even more dominant on Variety's broadcast hot list.

That power is what's driven the flurry of sports rights deals across streaming and broadcast over the last two years. It's also adding new levels of complexity for sports franchises and TV networks in the estimated \$60 billion broadcast rights marketplace.

The notion that sports are a "way of life" is as solid as ever across age



groups. As Deloitte points out, 72% percent of Generation Z fans and 82% of Millennials rank their fandom a "seven or higher" on a scale of one to 10. Gen Z fans even say their zeal for sports is growing: 60% said that they were more of a fan today than they were three years ago.

The average viewership for NFL games this season was 17.9 million — that's a gain of 7% over last year," Solis says. "If you miss the game, you can't really watch a rerun. It's not on-demand. You've got to watch it live. At the same time, a lot of our newer fanbase includes younger generations under 35. They have very different viewing habits. So we need to do things to capture their attention and their engagement through social and streaming, and we've been very successful in those areas.

In the decades to come, when brand marketers, media companies, agencies, analysts, journalists, and fans trace the trends that influence the business and the culture of sports, 2024 will stand out as the year when all kinds of expectations were broken.

Featured



Marissa Solis

SVP – GLOBAL BRAND & CONSUMER MARKETING, NATIONAL FOOTBALL LEAGUE



Alan Moss

VICE PRESIDENT, GLOBAL ADVERTISING SALES AT AMAZON

2

Super Bowl: *What Happens In Vegas*

WHICH IS THE BIGGER NEWS: THAT THE KANSAS CITY

Chiefs have a chance to repeat their Super Bowl 54 win against the San Francisco 49ers four years later? This is not only the Chiefs' fourth Big Game appearance in 5 years, but they're one win away from back-to-back championships.

Or... is everyone going to ignore the Chiefs' quarterback Patrick Mahomes and just pay attention to tight end Travis Kelce's girlfriend?

Yes, for the 0.0001% of you who don't know: Taylor Swift is likely to be at the game cheering on Kelce. Of course, in this Swiftian Age of Media, there's a business angle here. And it's not just about the pop star and the Chiefs.

Barely a week before the Big Game, the NFL struck a licensing deal with the designer of Swift's viral custom puffer jacket, Kristin Juszczuk — who just happens to be the wife of San Francisco 49ers fullback Kyle Juszczyk. (2024 really is Swift Era and even the sports world is living in it.)

That collision of athletics and celebrity culture as a backdrop marked the football championship since the half-time show went from marching bands to Michael Jackson in 1993. Looking at that evolution from a sports, media/marketing, and technology perspective, the Las Vegas location of Super Bowl 58 could not be more fitting.

This is the first time this city will host a Super Bowl. It certainly won't be the last.

It's not just that Vegas has become more family-friendly over the past decade. The land of blackjack and Wayne Newton has become the intersection of tech, media, sports on top of its foundation as the entertainment and gambling capital of the world.

Beyond the Super Bowl kick off at the four-year-old Allegiant Stadium, Vegas's sports status just got a boost from The Oakland A's, which this fall got the MLB's approval to make the move to Vegas and will



build a \$1.5 billion new ballpark on the Strip. The A's are following their former California neighbors, The Raiders, who relocated to Vegas in 2020.

Vegas is also home to the “immersive live and virtual experience” venue, MSG's Sphere. That venue, which is a microcosm of what's going on and what Vegas represents to brands and startups navigating “what's next” in media, marketing, and tech.

The Sphere, which opened to the public on Sept. 29, is monumental. By bringing together hybrid digital and physical media in such a massive setting, the venue is a canvas for new ways of immersing the audience in sports and events.

Just the outside skin of the venue is breathtaking. “The Exosphere is more than a screen or a billboard — it is living architecture, and unlike anything that exists anywhere in the world,” said MSG Sphere SVP Guy Barnett.

The advertising influence Vegas will have on sports from this point will mark a new era in the intersection of tech and media. For the NFL, that means continuing to appreciate the reach of linear TV, while seeing how to extend its audience and its advertising beyond traditional channels, Solis says.

Quite simply, the Super Bowl is the largest television event in the world on an annual basis. When you add together the audience we will get here in the United States along with those who will be watching around the world, we should have somewhere around 200 million viewers for Super Bowl — just a massive number,” Solis says. “The NFL has been great at constantly innovating around our broadcasts and trying to find new and different ways to engage our current fanbase while creating unique experiences to draw in new fans.

“This year's Super Bowl will have a great example of that innovation as, for the first time in NFL history, the Super Bowl will be broadcast in two different formats. CBS will air the traditional broadcast of the game while Nickelodeon will present a family-friendly alternate telecast geared towards a younger audience and filled with fun features such as slime-filled end zones. How exciting is that when you can now get your kids involved and watching the game in a very different way, right?”

But for the game itself, the traditional value for brands as official advertisers is especially potent. It's estimated that brands shelled out as much as \$7 million for a 30-second spot on the Paramount-owned CBS broadcast, as Brand Innovators' Super Bowl Tracker noted.

The build up to this Super Bowl has been incomparably huge. CBS Sports reported that 2023 was football's most-watched regular season since the NFL returned to CBS in 1998, averaging 19.345 million viewers and up 5% over the previous year.

By the fall, CBS had already almost sold out its inventory for in-game spots, according to The Hollywood Reporter. Fox, which broadcast the 2023 Super Bowl, took in more than \$600 million in advertising revenue tied to the game, which scored record TV ratings with 115 million viewers.

There are several reasons why you advertise in the Super Bowl," says Russell Wager, marketing vice president for Kia USA. "One is to launch a new product, the second is to tell what you stand for. And the third is to kind of show what the brand is about from a long-term perspective.

Kia USA is returning to the Super Bowl this year for the 15th time, joining 27 other marketers, including other Big Game marketing stalwarts Frito-Lay, Coors, Intuit's TurboTax, Pringles, and relative newcomers like online gambling platform FanDuel and cosmetics retail chain NYX Makeup.

The automaker's 60-second spot focuses on the wider rollout of the all-electric EV9, which Kia USA bills as the first mass-market, three

2023 was NFL's most-watched regular season, averaging **19.3MM viewers**, up 5% YOY

row EV SUV in the U.S the concept of sustainable mobility.

"Right now, electric vehicle volume is comparatively low relative to other cars that we sell," Wager says. "You would normally focus a Super Bowl spot around the bigger selling items. Total EV sales are around 8%. But the reason we're doing it is for that third reason I talked about: we are showing consumers that we are committed to the electric vehicle space. And we want everyone to know, if you are thinking about buying an electric vehicle, we want to be the next word right after Tesla. Being in the Super Bowl helps us achieve that goal."

Featured



Marissa Solis

SVP – GLOBAL BRAND & CONSUMER MARKETING, NATIONAL FOOTBALL LEAGUE



Russell Wager

MARKETING VICE PRESIDENT FOR KIA USA





3

Sports Fans and Super-Fans — And *How Brands Can Tap Into Both*

DANIEL WEATHERHOLT AND DOZENS OF OTHER BUFFALO BILLS DIEHARDS WANTED TO HELP

their team clinch the championship in its Sunday Jan. 21 game against the Chiefs.

So, on the Friday before the game, the 38-year-old drove 80 miles from his home in Rochester, NY and headed to Highmark Stadium, the Bills' home, where he and other fans grabbed shovels.

A few days prior, the stadium was buried by a major snowstorm, which threatened to delay the game — and with it, the Bills' ill-fated chance to make it to the Super Bowl in Las Vegas. (It was close: the Bills lost 27-24.)

"We want to help try to win the Super Bowl," Weatherholt told the NY Times. "It feels good contributing, even though I'm not on the field. It helps."

Fans have been lending their hands — literally — to the Bills since it moved to the stadium 52 years ago when winter weather overwhelms the organization's regular grounds crew. In addition to shoveling, Bills fans jump behind snowplows and take up snowblowers, spread salt. Many even just use their bare hands to clear the snow out.

That kind of dedication isn't unusual. When a sports franchise asks, fans just respond.

The story of American culture right now is increasingly a struggle to find common ground — except in one place: sports," says Baldwin Cunningham, director, Media and Partnerships for State Farm. "Nothing draws our attention, ignites our passion and connects our communities like it. So there's no better place for us to invest.

Sports are everything you want as a brand, Cunningham adds. "You have people yelling and screaming and rooting for a team. You see someone with the same jersey or color and it breaks down barriers. All things that are happening in the outside world get put aside when sports are on. It gives you something to bet on and believe in. It gives you someone to cheer with — and for."

The personal association between fans and players is at the heart of a strong brand alignment in sports. While "Jake from State Farm," is the personification of the insurance brand, Caitlin Clark, a college basketball star on the Iowa Hawkeyes, became the one of the first collegiate athletes to sign a "name, image, and likeness" deal as a spokesperson for State Farm. Cunningham believes the connection will benefit both the brand and the player.

You think about Caitlin Clark, she can win or lose a game, but in the end, we're talking about the young girls she's inspiring. Caitlin is so selfless and purposeful. Those are the qualities that drive us towards partnering with athletes. There is this never-ending source of beautiful stories that we get to support and tap into.

State Farm also netted hundreds of millions of social media views, comments, and posts, when crafted a sparse, social media marketing effort pairing Jake with Donna Kelce, the mother of Kansas City Chiefs' Travis (also known as Taylor Swift's boyfriend) and Philadelphia Eagles' Jason.

The social ad was created two days after Donna was seated alongside Swift at the Kansas City Chiefs vs. Chicago Bears game.

State Farm placed Jake in the stands with the Kelce mom as she cheered on Jason when the Eagles played against the Washington Commanders game last October.

"It became one of our most viral moments ever," Cunningham says. "It depended on our familiarity with the NFL, even though we're not an official sponsor. Games become places where if you do something engaging, and it can take off faster because of how you're aligned with the sport and what that alignment can enable. You can do something larger than just the game, because basketball and football are at the cultural intersection of fashion, of music, of entertainment."



LOCAL IS AUTHENTIC

Sports are inherently local. But when national brands authentically engage with local sports fans, it sets off a spark. This is the essence of fandom—a deep, often lifelong commitment to a team.

For brands, tapping into a team's fervent loyalty requires more than a superficial nod; it demands an understanding of the year-round, enduring nature of sports devotion.

The increasingly fragmented media landscape comes with both challenges and opportunities for major marketers. It's more feasible than ever for national brands to make inroads into local markets. Where CTV advertising allows for more strategic, targeted media buys across various regions, linear TV's command of mass attention makes these buys more valuable than any other kind of marketing.

Brands no longer need to chase high gross rating points indiscriminately. Instead, they seek to connect with well-defined, likely-to-convert demographics, moving beyond mere numbers to forge more meaningful connections.

Furthermore, the demographic profile of sports fans is also changing and diversifying.

Sports fans are not a monolithic group; they span a wide range of ages, including the sought-after 18-49 demographic, and are increasingly diverse in terms of gender, ethnicity, and socioeconomic status.

It's *more feasible than ever* for national brands to make inroads into local markets.

This diversity opens avenues for brands to deliver varied and inclusive messaging, resonating with different segments of the audience, including women and multicultural groups, who have traditionally been underrepresented in sports marketing.

At its core, sports fandom is about community and belonging. It's a social glue that unites disparate groups, making sports a powerful platform for brands to connect with a broad spectrum of consumers.

For instance, women represent a significant yet historically overlooked segment of sports viewers. Brands that recognize and directly address this audience can extend the reach of their message, fostering a sense of inclusivity and respect.

The key to leveraging the power of local sports fandom lies in genuine engagement and respect. Recognizing and honoring the dedicated spirit of local sports fans, be it in basketball, baseball, hockey, or any

other sport, can earn a brand the coveted "home team" advantage in the marketplace.

The local and regional level is what determines how brands like Hyundai approach specific sports, whether established or emerging, says Hyundai Motor America CMO Angela Zepeda.

The local and regional level is what determines how brands like Hyundai approach specific sports," said Hyundai Motor America CMO Angela Zepeda "Whether established or emerging.



Featured



Baldwin Cunningham
DIRECTOR MEDIA PARTNERSHIPS
STATE FARM

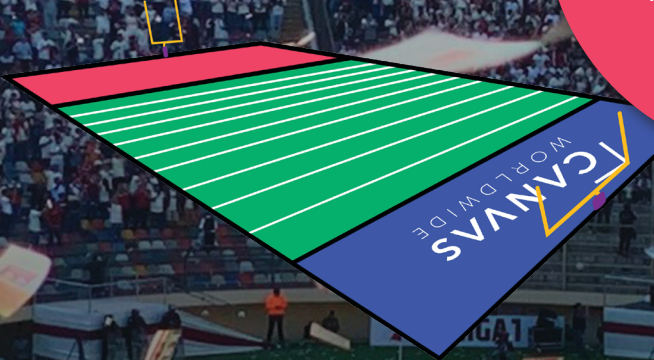


Angela Zepeda
CMO HYUNDAI MOTOR AMERICA

A LOOK AT 2023 ATTENDANCE ACROSS MAJOR ESTABLISHED SPORTS

FOOTBALL

Average attendance: 67,396 per game (NFL)
Total attendance: 17,253,425 (NFL)
Source: ESPN



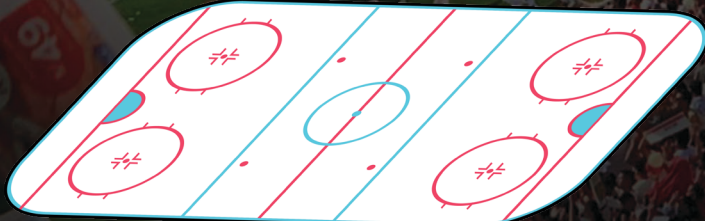
BASKETBALL

Average attendance: 17,361 per game (NBA)
Total attendance: 22,073,906 (NBA)
Source: ESPN



HOCKEY

Average attendance: 16,860 per game (NHL)
Total attendance: 21,923,286 (NHL)
Source: Internet Hockey Database



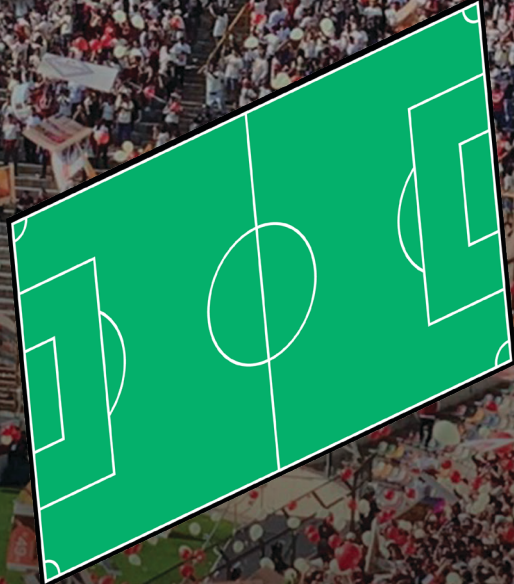
BASEBALL

Average attendance: 29,905 per game (MLB)
Total attendance: 72,670,423 (MLB)
Source: ESPN



FIFA

Average attendance (World Cup): 56,827 per game (FIFA)
Total attendance: 3,358,131 (FIFA)
Source: FIFA





4

Increasing Fragmentation and a Challenging Broadcast Environment

THE SHIFT OF LIVE SPORTS FROM LINEAR TV TO STREAMING

is part of a wider change in how viewers watch television. Sports represent a defining, galvanic cultural force in people's lives that generates billions of dollars. In our fragmented, video-on-demand world, sports alone maintain the power to concentrate the attention of mass audiences at a single place and time.

But the sports audience has been reluctant to cut the cable. Nearly a decade after Netflix, Hulu, and Amazon Prime first introduced audiences to the pleasures of "binge-watching" on streaming TV, live sport fans remain firmly entrenched in the cable camp. Consumers routinely cited access to their favorite teams and players as the main reason for keeping their cable subscriptions despite the increasing adoption of streaming services by the general viewing public.

THE PARADOX OF CHOICE

In a sense, the distinction between streaming and linear TV doesn't matter much to sports fans. They'll go where the game is. But there are ways that the shift to streaming will subtly alter the fan experience.

For Sebastian Tomich, chief commercial & development officer for the New York Times Company-owned sports news publication, The Athletic, the concept of "the paradox of choice" is an apt description of what sports viewers are currently experiencing.

"We're probably in a middle zone right now [of the streaming TV shift], where it arguably doesn't make the fan experience better because there's just, what do they call that when there's too many choices," Tomich says. "And it's confusing for fans. But inevitably, technology will make the content experience better. You'll be able to watch more things than more places. Right now, it just feels like a confusing mosaic of options that arguably are more expensive than what you had before. I think this is good for your consumer, the sports fan, long term."

Transitional periods are typically dissatisfying. Nothing is fully baked or fully over. With so much sports programming peppered between streaming and linear TV, major tentpole events on broadcast and cable will continue to stand out due to linear TV's comparatively universal, easy access to programming.

Still, for media companies that manage both linear and streaming channels, the effect is a rising tide that's lifting brands, networks, and fans respectively.

"Our audiences are no longer delineating between screens," Mark Marshall, chairman, Global Advertising & Partnerships, NBCUniversal, tells Canvas. "We are delivering an environment that reaches fans wherever they consume. Even though across the marketplace we are seeing shifts to digital, linear is extremely important for our business and for marketers to tap into."

"Especially when a business is launching a new product, rebranding a logo, or promoting a large-scale event," Marshall adds. "The fact is that streaming is providing incremental reach to the linear viewing experience. It is casting a wider net of fans for our advertisers to build authentic connections with."

For example, NBCU's 2023 Golf year through PGA Tour Championship showed linear up +6% YoY and digital minutes for the same events up +87%, Marshall says. In addition to Golf, NBCU has been seeing that play out across some of the biggest sporting events it's broadcasted including NFL, Premier League, and NASCAR.

"At the same time, we're innovating our capabilities across linear and digital to offer advertisers new opportunities that improve the viewing experience and advertiser impact from ad formats to custom contextually relevant content to strategic targeting and more," Marshall says.

Given the staying power of linear TV on one hand, and the rise of streaming on the other, emerging and global sports like mixed martial arts, Formula 1, surfing, and women's football will continue to thrive.

"Fans never had as much access to new sports than they do now," Tomich says.

THE RISE OF STREAMING PLATFORMS

Sports Business Journal compared Amazon Prime's first TNF stream on Sept. 15, 2022 to a date about 34 years before — Nov. 8, 1987. That's when ESPN televised its first NFL game. Sports programming's move from broadcast to pay-tv helped spur 90 percent of Americans to become cable subscribers.

On that Sept. '22 date, Amazon Prime attracted over 13 million viewers to watch the Kansas City Chiefs defeat the Los Angeles Chargers 27 to 24 at 8:15 p.m. EDT on the channel's inaugural Thursday Night Football. It was also the kick-off of a landmark 11-year agreement that gave Amazon exclusivity to a National Football League package — the first time a streaming service held such rights. Looking back at year-over-year gains, Amazon saw TNF viewership among the 18-to-34 age group is averaging +12% higher than the 2021 TNF games on other networks, according to Nielsen.

That audience stats were particularly notable. The Amazon Prime viewership, according to Nielsen, was larger, than via traditional cable on NFL Network the same Thursday the previous season it also skewed younger, and female.

Amazon's TNF game "comprises roughly 25 percent of all internet traffic on Thursday nights," and it single-handedly "moved peak data usage on our broadband network from Sunday night to Thursday night," Comcast President Mike Cavanaugh told the audience at the UBS conference in Dec. 2023.

Reliability of the signal has been the big test for streamers looking to prove that they can beat cable. Could Amazon Prime handle millions of users at once? Missing even a minor play would be costly. While some users did report a few glitches during the Amazon Black Friday game, it passed the test.

"Our retail team partnered with production to craft moments big and small through which we could unveil advertising deals spread throughout Black Friday coverage and the results were exciting," Amazon's Moss tells Canvas.

The Black Friday game audience watched the game for longer than the average TNF game (85 minutes per viewer, +3%) and were 92% more likely to search for brands/products advertised than viewers of ads on competitive NFL Thanksgiving games, Moss notes.

While brands that ran QR codes in creative on Black Friday experienced more than 350% higher engagement rates on average than their ads in prior game weeks, according to Moss, the Interactive Video Ads (IVA) worked even harder, driving over 4x higher engagement rates on Black Friday than QR codes, among brands that ran both IVA and QR codes.

"We will continue to innovate and deliver a best-in-class product for fans and our advertising customers as we continue into year three

of our 11-year NFL deal,” Moss says.

PEACOCK BUILDS ITS NEST

With Amazon Prime in the lead, its rivals have been following up quickly with their own live sports deals. NBC Universal’s Peacock, which debuted in July 2020, carefully planned its exclusive Jan. 13 NFL postseason game for months, making sure it would stream flawlessly. This was viewed as its chance to prove that it could match older rivals like Amazon Prime, Netflix, and Hulu.

As it turned out, Peacock’s live stream of the AFC wild-card playoff game between the Miami Dolphins and Kansas City Chiefs set a record for the most-watched event on a streaming service.

Nielsen reported that the Chiefs’ 26-7 victory in icy temperatures averaged 23 million viewers on Peacock, NFL+ and on NBC affiliates in Kansas City and Miami. Overall, the game had a total reach of 27.6 million.

In a further sign of fans’ appetite and commitment, viewers had to pay for a Peacock subscription, which starts at \$5.99, to access the game, making it the NFL’s first playoff game behind a paywall. The move may have inspired some grumbling by fans used to tuning in “for free.”

But the numbers demonstrated that the willingness is there. Market Antenna estimated that Peacock drew a total of 2.8 million subscriptions during NFL Wild Card Game weekend.

“The exclusive NFL games have the potential to draw Peacock’s largest audience ever, with unprecedented concurrent streams in the U.S. sports market,” Patrick Miceli, EVP and CTO of direct-to-consumer and Peacock for NBCUniversal, told The Hollywood Reporter. “We began preparing from a technology standpoint the minute the deal was signed last spring. We focused our effort on non-functional testing at scale to manage the load, reliability of our platform and operations for the event.”

It is an incredible accomplishment and a testament to both NBCUniversal and the NFL’s commitment to driving what the future of football advertising can look like,” NBCU’s Marshall says. “We launched the first two commercial-free fourth quarters in NFL history, which provided a ground-breaking experience for fans as well as a de-cluttered, more engaging platform for brands.

This is a prime example that encompasses the critical need for advertisers to tap into holistic marketing investments to ensure their dollars are working as hard as possible for their business, Marshall said.



The stats speak for themselves: with the Peacock Wild Card Exclusive being the most streamed event ever in the U.S. and recorded the highest percentage of viewership — 11%, Marshall said — for NBC Sports NFL games via simulstream.

“We have the stats to prove the success, but you felt the passion and community that these games brought to life in every play, key update, and conversation,” Marshall added. “We’re excited to see how we approach future tentpole sporting events, especially as we work towards the Paris Olympic and Paralympic Games — which we anticipate will be the largest streaming event in history.”

The history is clear: sports are the gateway that opens new viewing territory to audiences and advertisers. In 2023, the gates were thrown open.

- **Amazon Prime** scored another goal with its first-ever NFL Black Friday which touted advanced features like dynamic ad insertion and visually striking 4K broadcasts. Alongside Amazon Prime's exclusive NASCAR races, the e-commerce giant's streaming arm was clearly making the most of its first-mover status. And advertisers took note:

- CTV measurement provider EDO found that ads during Amazon Prime's live Thanksgiving and Black Friday NFL matchups outperformed retail primetime ads by an average of 29% and are 45% more effective than ad performance so far this NFL season.

- **Apple** struck a 10-year, \$2.5 billion deal with Major League Soccer in June 2022 and started streaming games on its Apple TV+ app in February 2023.

- Front Office Sports reported that some (unidentified) national brands have been frustrated with Apple over the lack of data on how their campaigns are performing. But another source claimed Apple sold out of inventory for the current season, and that advertisers overall have been pleased with the reach and placement of their campaigns.

Ad metrics' transparency has been a general issue across CTV. But as the stakes are higher for live sports, streamers have been rushing to solve advertisers' and leagues' demands for greater detail about performance.

For example, Apple told advertisers it sold out of inventory for Major League Soccer's 2023 season, Front Office Sports reported back in August. The report cited anonymous advertisers as being generally pleased with the reach and placement of their campaigns.

- Sports leagues are already diversifying their incipient streaming agreements. For example, YouTube netted the exclusive rights to the NFL Sunday Ticket.

- The NFL said in September that YouTube's Sunday Ticket package already had more subscribers than it did last year on DirecTV, the game's former home of more than 20 years

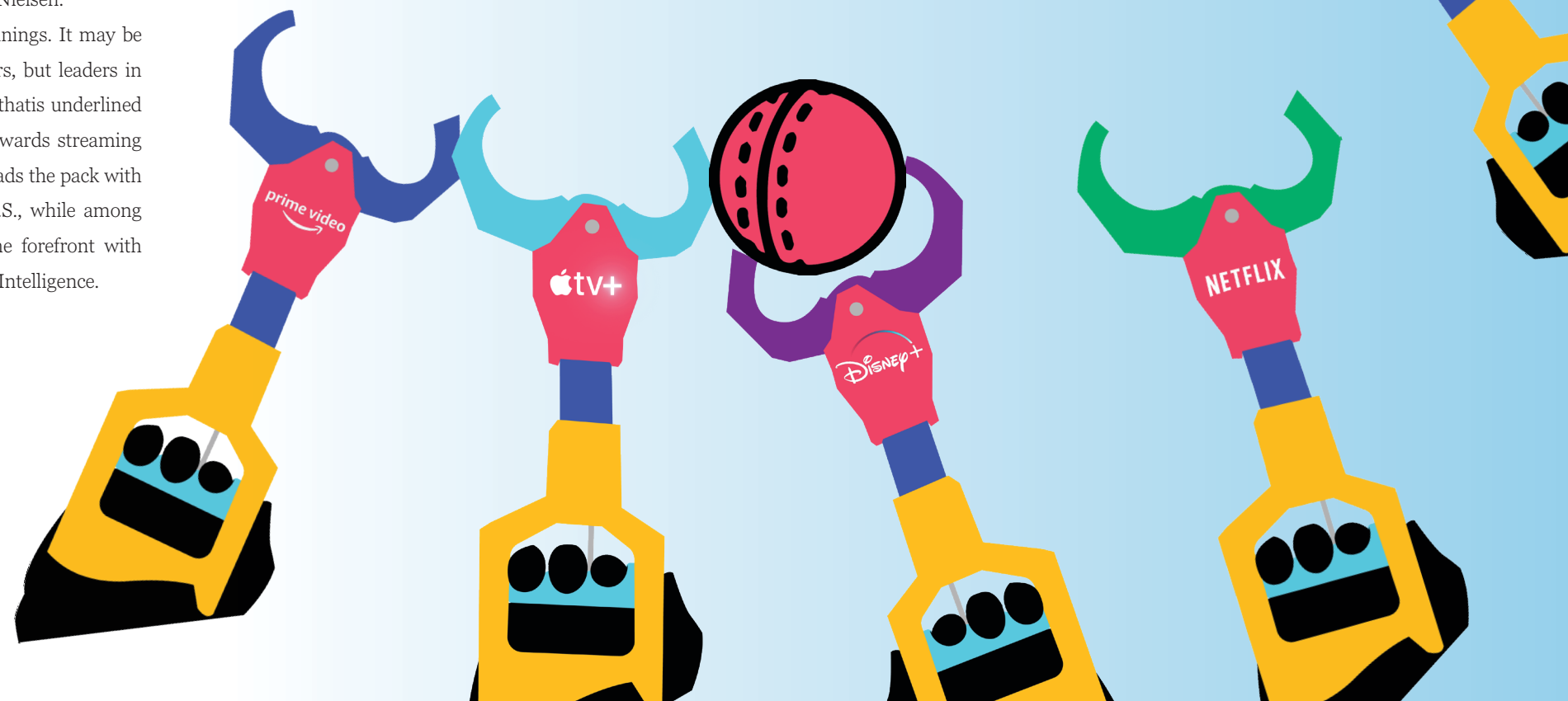
- **Netflix's** sports story began the traditional way: in 2019, it began running the Formula 1 documentary series, Drive to Survive. That series was credited with increasing the 70-year-old global moto-cross racing event's appeal. And it opened Netflix to streaming live sports too.

- In November 2023, it debuted The Netflix Cup, a live streaming matchup between athletes that appeared in the Formula 1 docuseries and the golf series "Full Swing." Sponsors for The Netflix Cup included T-Mobile and Nespresso. The athletes competed in a match play tournament in Las Vegas to kick off the week of the Formula 1 Heineken Silver Las Vegas Grand Prix.

- Even as the U.S. sets the trends in sports marketing, keep an eye on India: Disney's Hotstar set a record with 59 million concurrent viewers for its free broadcast of the Cricket World Cup, showcasing the global appeal of sports streaming.

- The return of the National Football League and college football seasons propelled both broadcast and cable-TV viewership. Nielsen reports the broadcast sports genre soared 360% in viewership since both football seasons began (compared to a 222% leap during the same period the year prior), while cable TV got a nearly 25% increase in sports watchers, according to data from Nielsen.

- The rise of streaming is passing the early innings. It may be too early to crown clear winners and losers, but leaders in the space are solidifying their gains, a fact that is underlined by a notable shift in viewer preferences towards streaming and digital platforms. YouTube currently leads the pack with 236.1 million individual viewers in the U.S., while among subscription-only services, Netflix is at the forefront with 170.6 million viewers, according to Insider Intelligence.



In a sign that even the streaming frontrunners are in flux, Netflix is bracing for a slight dip in viewership as it tackles password sharing issues, though executives have maintained anticipation for a return to growth in 2024.

Part of Netflix's and YouTube's growth plans hinge on attracting live sports deals — along with the viewers and ad dollars that accompany games and matches. Amazon Prime, Hulu, Disney+, HBO Max, and Paramount+ are also banking on sports as a growth driver.

A report by PwC sheds light on the financial implications of these trends. By 2027, the U.S. television industry is expected to witness a staggering reduction of \$30 billion annually in traditional subscription and advertising revenue compared to a decade earlier. This pivot to streaming, initiated by Netflix and other early movers, has necessitated a strategic realignment by traditional media players at a heavy cost.

The report further highlights that the revenue from the connected TV market is expected to swell to \$57 billion in 2023, up from \$49 billion in 2022, and is projected to reach \$75.5 billion in 2027. Interestingly, OTT advertising revenue is set to grow more rapidly than subscription revenue, with ad-supported video on demand (AVOD) becoming the main driver of growth in the U.S. OTT sector.

The significance of CTVs in reshaping media consumption cannot be understated. PwC expects smart TV advertising revenue to hit \$21.3 billion in 2027, marking a substantial shift in media dollars. This category includes advertising delivered over the Internet to smart TVs, media streamers, and connected set-top boxes.

In a parallel development, the streaming industry is witnessing the resurgence of a familiar format — free ad-supported television (FAST) services. These services, which blend the experience of traditional, scheduled programming with the flexibility of on-demand content, are rapidly gaining traction among U.S. viewers. As of June 2023, the leading FAST services — Roku Channel, PlutoTV, and Tubi — accounted for a notable 3.3% of total TV viewing in the U.S., surpassing all but the top two cable networks, according to Nielsen.

The emergence of FAST channels, which can be rapidly developed and launched, is further transforming the TV viewing experience. For instance, NBCUniversal's announcement to launch 48 FAST channels on Amazon Freevee and the Comcast/Charter Communications joint venture Xumo Play exemplifies the agility and responsiveness of this emerging format.

The past decade has seen vast realignments in viewers' access and habits, combined with technological advancements, and strategic pivots by media companies change the media landscape. Streaming services, particularly AVOD and FAST formats, are on the rise, signaling a new era in media consumption and advertising.

LINEAR AND PAY-TV LIVES: WHAT GETS MISSED IN THE TRANSITION TO STREAMING

The cable bundle may be unwinding, but it is by no means dead.

Streaming deserves the attention it gets. Every day brings a "new record" in the number of viewers. There's no ignoring historic deals like Netflix striking a 10-year, \$5 billion livestreaming pact with WWE to run pro wrestling's weekly showcase, "Monday Night Raw." Unlike most sports, whose seasons hover between 18 and 26 weeks, "Monday Night Raw" is on 52 weeks a year.

Aside from being one of the highest rated linear TV shows, there was one very intriguing value proposition that made working with the WWE attractive in Netflix's view.

Speaking on the Pat McAfee Show, WWE President Nick Khan said Netflix execs were impressed by the fact that the wrestling promotion company handles all the production for "Raw."

"We're turnkey," Khan said. "The fact that [Netflix] could come to us and say 'Yeah, we strike a deal, and you guys do all the rest' is something that they liked, and certainly something we thought was directly in our wheelhouse."

In addition to that program, which has been airing on linear TV for 31 years, Netflix is now the "official home" for all WWE shows and specials outside the U.S., including its flagship "SmackDown," Wrestle-

Mania, and NXT franchises.

Technically, one can argue that pro wrestling is "scripted athletic entertainment." But to advertisers, as well as fans and the media companies, it's all sports.

"As streaming services continue to diversify their offerings, securing exclusive rights to premium sports content becomes a strategic imperative," Tony Marlow, chief marketing officer at LG Ad Solutions tells The Drum. "Netflix's foray into the world of wrestling not only reflects the growing demand for diverse sports content on streaming platforms but also signals a potential game-changer in how fans engage with and consume sports in the digital era."

But the game isn't over for linear TV.

The "demise of linear TV" has been a familiar refrain in entertainment media coverage for the past decade. But in reality, American audiences continue to dedicate a sizable portion of their viewing time to traditional TV channels.

According to MorningConsult, 27% of Gen Z adults and 34% of millennials said they watched linear TV daily. As those numbers indicate, linear TV is the province of older consumers: 65% of daily traditional TV viewers are Gen Xers or baby boomers.

That trend is likely to persist, particularly due to the enduring appeal of live sports programming — which linear TV has a lock on. For example, the Super Bowl is not expected to make the move to streaming any time soon. The reasons are clear: this is a mass media event and linear TV is still the key to gathering the greatest number of viewers at one time.

As MorningConsult's numbers show, 41% of U.S. adults watch linear TV every day and 62% accessed programming each month. This sheer scale explains why linear TV is still regularly reaching some Gen Zers and millennials, despite younger adults' growing affinity for digital entertainment.

Featured



Sebastian Tomich
CCO THE ATHLETIC



Mark Marshall
CHAIRMAN GLOBAL ADVERTISING AND PARTNERSHIPS NBCUNIVERSAL



Alan Moss
VICE PRESIDENT, GLOBAL ADVERTISING SALES AT AMAZON

5

The Shifting of Sports Rights

YOU CAN'T BLAME IT ON INFLATION. RATHER, BLAME

good old-fashioned demand coupled with competition for supply: the surge in the value of media rights for live sports has soared to unprecedented heights for two reasons. One, viewers want their sports and they will pay to get them.

Two, networks, particularly streamers like Apple+ and Amazon Prime, will pay astronomical fees to challenge the traditional broadcast rights holders for exclusivity.

In 2022, the global value of sports media rights hit an impressive \$55 billion, Front Office Sports reported, and all signs suggest the industry is on track to surpass \$60 billion by the end of 2024.

The escalation follows lucrative contracts struck between major sports leagues and a mix of traditional networks and streaming platforms. For instance, the NFL and the Indian Premier League have secured substantial domestic rights deals, contributing significantly to the overall market growth.

In 2021, the global value of all sports media rights was calculated at \$54.45 billion, with the NFL dominating the scene. It accounted for 15% of the sports media rights market in 2022, a testament to its formidable presence and influence in the industry.

A staggering 97% of the NFL's income from these media rights deals originates domestically. Highlighting this trend, in 2021, the NFL finalized media rights agreements worth a collective \$113 billion over 11 seasons with CBS, NBC, Disney, FOX, and Amazon. These deals marked a significant shift in the sports broadcasting landscape.

Amazon, for example, made history by acquiring exclusive rights to "Thursday Night Football," becoming the first tech company to hold exclusive NFL broadcasting rights.

Disney ensured that "Monday Night Football" stayed on ESPN, while NBC held on to the "Sunday Night Football" rights.

Sports media rights on track to **hit \$60B** in 2024

Meanwhile, the NFL isn't just counting on American audiences to flock to its streams. The league already plays games each year in the United Kingdom and Germany, and this year, will head to South America for the first time. At least one regular season game is to be played in São Paulo, Brazil, the NFL said in December.

São Paulo was chosen over Madrid, Spain, although Peter O'Reilly, the NFL's executive vice president of club business, international and league events, said Madrid could host a game as soon as 2025.

These developments highlight the ever-increasing value and competition for live sports broadcasting rights. As traditional media companies and tech giants vie for a share of this lucrative market, the landscape of sports media is undergoing a profound transformation, driven by evolving viewer habits and the growing intersection of tech and sports entertainment.

"We have to pay close attention to the rights because that informs our partnerships with the networks," Cunningham says. "As more live sports become available on streaming networks, it's just something that we continue to monitor and adjust as new things start to come up."

Jim McCoy, Nationwide's associate VP, Sports Marketing, is also considering the challenges and adaptations required in sports sponsorships due to changes in broadcasting and distribution partnerships.

For example, when Major League Soccer's broadcast rights moved from linear TV to Apple TV, it resulted in fewer opportunities for brand visibility, such as logos on scoreboards or halftime sponsorships. In response, Nationwide had to creatively reinvest to maintain their presence. Similar adjustments were needed with the National Hockey League (NHL) as they introduced digitally enhanced dashboards, affecting Nationwide's visibility in different markets.

"We work in very close contact with the teams because these assets are driving impressions for us that we have as a sponsor, but there's also the media spots that come with those deals that have to change

too as teams change their media partners," McCoy says.

It's clear that there is a role for brands to play when sports rights deals lead to change. When the National Women's Soccer League (NWSL) agreed to new domestic rights deals worth \$240 million with Amazon, CBS, ESPN, and Scripps, Nationwide was there.

"Looking at the most recent with the NWSL right deal, we were pretty active in trying to help the league in those conversations," McCoy says. "It's great where they landed and a lot of folks that we partner with like Amazon, CBS, ESPN and others. In those situations where it's also where we're buying and does that line up with our partners' spending."

Featured



Baldwin Cunningham
DIRECTOR MEDIA PARTNERSHIPS
STATE FARM



Jim McCoy
ASSOCIATE VP SPORTS MARKETING,
NATIONWIDE INSURANCE



6

The *Changing Preferences* of Sports Fans

SPORTS ARE INHERENTLY wrapped up in tradition, but viewing options are game changers. Sports TV isn't the only game in town anymore. Fans are celebrating and interacting with their favorite teams and players taking advantage of a practically infinite range of viewing choices that come with a growing variety of opportunities to engage.

Of course, that also means more fragmentation for leagues, networks, and advertisers to deal with.

Social media has become a much more serious force for traditional media and established marketers to reckon with. Here's where brands have a significant advantage: a known entity that has crafted an authentic persona that consumers and sports fans can relate to are more easily able to bridge the gap between linear TV, streaming, and social.

After 10 years of shooting often humorous spots with Nationwide brand spokesman and former star quarterback Peyton

Manning, the insurance marketer has found that those ads and the relationship also make excellent TikTok extensions.

Building content that's specific for social and digital was obviously something we didn't necessarily contemplate 10 years ago," McCoy says. "We just continue to evolve with the consumption habits and go where the consumers are. Brands must always ask themselves: are they staying relevant and connected with fans? The bottom line is that whatever platform you're on, you have to have great creative. Peyton, who has aligned so well with us as a spokesman, always delivers. Apart from those two aspects, finding the right media sponsorships and moments to kind of break through will always be the challenge.

Manning has been a prolific pitchman. But Nationwide has been able to instill an indelible alliance with him. Even as Manning is starring in a Bud Light ad in this year's Super Bowl and an upcoming NBC Sports spot promoting its coverage of the 2024 Paris Olympics, "we've done a really effective job of making sure people think of Nationwide when they think of Peyton," McCoy says.

As Nationwide determines how to reach fans with what McCoy expects may be fewer, albeit bigger, sponsorship models, the answer involves developing deeper relationships with its media partners that will help come up with original integrations that amplify its sponsorships, particularly the company's work with Peyton.

"That whole formula makes our investment feel maybe like two-, three times more than others that aren't seeing as much effectiveness

with their media extensions," McCoy says.

Kia USA's Wager echoes McCoy's sentiments about fans' trust being the road between teams, players, and leagues on one side and brands on the other.

But Wager is clear that the media format matters. Just repurposing a 30-second ad in a shorter version won't make the right connection on TikTok or another social channel.

"Earning the fan's trust is not easy," Wager says. "A lot of brands receive backlashes for jumping into a partnership without understanding how they're going to engage with those audiences. Quite honestly, if the fan's going to say, 'What are you doing here? Why are you here?' it means you're not being authentic. We've built a really solid foundation with fans and we keep evolving it."

It comes down to showing up consistently," Wager continues. "We're not just doing a TV sponsorship; we're not just doing a league sponsorship; we're not just doing a partnership with 15 teams. We look at everything as far as our activations in the arenas, we look at everything in our social engagements that we do throughout the year, both with the leagues and the teams.

Kia USA takes what Wager calls a "contextual approach." That means each TV spot, each social media activation as a separate piece of content that's speaking to different audiences and mindsets, even if they might overlap.

"We are specifically looking at messages that are tailored towards the passions of these people," Wager says. "At the end of the day, we like to say it's all about enjoying the game and we're fans just like they are at the end of the day."

Featured



Jim McCoy
ASSOCIATE VP SPORTS MARKETING,
NATIONWIDE INSURANCE



Russell Wager
MARKETING VICE PRESIDENT FOR
KIA USA

7

The Rise of Women's Sports: And What It Means To Brands



EXPECTATIONS THAT women's sports would surpass \$1 billion was a wake-up call to the entire sports industry that had previously relegated female-focused leagues like the WNBA and the National Women's Soccer League (NWSL) to the sidelines. The prediction represents a 300% leap from Deloitte's 2021 forecast of women's sports, with the 2023 Women's World Cup as the catalyst.

Yet that staggering expectation

looks small compared to what's coming. The U.S. and Mexico's soccer federations project \$3 billion in revenue will be derived from their joint bid to host the Women's World Cup in 2027, quintupling figures from the previous tournament in Australia, Front Office Sports reported in December.

We champion women's sports a lot and I am a big fan of all the CMOs and brands who have put their money where their mouths are in supporting women's sports to bring equity to all of the leagues that are out there," Zepeda says. "The question always becomes, 'Well, is it a good place to put your money because it doesn't have the ratings as other sports?' Too often, women's sports didn't have the ratings because it didn't have a place for it to get the eyeballs. But that's changed

"It takes people to put money behind it," Zepeda continues. "To be first to market is an important spot to be in. That aligns with sort of our values as a brand: to support things like women's soccer at a corporate

global level. We've been a sponsor of the FIFA World Cup and out of that experience, we came to support the Women's World Championship. We would like to do something here in the United States to support women's sports and women's soccer. We are working through that. It's the next frontier. Soccer in general is huge. It's actually the next biggest sport for us besides football."

In the biggest broadcast deal for any women's domestic league, the NWSL have struck a four-year TV rights deal with CBS Sports, ESPN, Prime Video and Scripps Sports worth \$240 million.

The share of women's sports media coverage in the United States rose 15 percent in 2022 from about 5 percent in 2018, according to the Wasserman Collective, a research think tank studying women's sports.

Citing several other factors that add up to an historic confluence of options and channels, from digital news sites, streaming options, and sports leagues to social media, their study estimated that by 2025 the share would approach 20 percent.

I like to say that sports is not a nice to have, it's a must have," says Danette Leighton, CEO of the Women's Sports Foundation, an organization that was founded 50 years ago by tennis icon Billie Jean King in the wake of Title IX legislation that banned discrimination in education and sports on the basis of sex. "Brands are recognizing that investing in women's sports is a smart business decision. It is an unsaturated marketing space, so the opportunity is endless. Finally, brands and media networks get it: women's sports fans are sports fans and the numbers are substantial and growing.

Even before wider audiences and other deep-pocketed brands arrived at women's sports, State Farm has been investing "progressively" in this area for the past 20 years, Cunningham says.

"Women's Sports is an area we have worked in for more than 20 years because it aligns to our business outcomes," Cunningham adds. "Women's Sports is a part of our marketing strategy, and we will continue to elevate women's sports as the right opportunities become available."

State Farm has been an official WNBA sponsor for the last seven years. The brand is deriving more value from fans, teams, players, and the league thanks to that early position and the investments it made early on, Cunningham says.

Digital platforms like Roku's Women's Sports Zone are centralizing access to women's sports content, reinforcing Deloitte's assertion that

commercial revenue, bolstered by broadcast and matchday sources, is the leading driver of growth in the sector.

“I think that in a year of record-breaking and a year of this type of momentum, what resetting the number does for us is it makes it much harder to dismiss,” Shelley Pisarra, Wasserman’s executive vice president of global insights, told the NYT. “So, do we have a long way to go? Yes. Do we still need more inventory? Yes, but it’s not 4 percent any longer.”

WHAT’S NEXT?

There’s palpable excitement among fans, athletes, venues, and media, about the future of women’s sports. As live streaming continues to present increasingly targeted and interactive advertising opportunities, women’s sports are not only celebrated by larger, more enthusiastic and diverse audiences, but valued in kind by the industry.

Deloitte emphasized the human aspect, noting the importance of raising athlete profiles and nurturing legends through digital storytelling. It’s not just about streaming the games; it’s about engaging fans through the athletes’ stories, thereby growing media coverage and on-line distribution—a critical factor for increased visibility.

It’s also about competition: the US/Mexico bid for the Women’s World Cup innovative streaming programming like Roku’s Women’s Sports Zone underscore the interest marketers will continue to take as they see the potential for advertising opportunities and sponsorship deals.

As Wasserman’s report notes, as viewing habits have tilted to streaming, the media platforms offer the highest share and fastest growth of women’s sports coverage. An average of 26% of studied streaming coverage has been dedicated to women’s programming since 2018 — with over 4,000 hours of identified women’s streaming coverage added annually.

Wasserman also identified social accounts dedicated over 18% of posts to women’s sports in 2022. The numbers suggest that advertisers are more than ready to spend more to capture the rising fan engagement. It looks like women’s sports are not only delivering, but they’re also getting closer to equal pay as well.

WHAT RIGHTS ARE UP AND WHEN, AND WHAT COULD BE THE NEW ORDER?

INDUSTRY FORECASTERS EXPECTED LIVE SPORTS, CONSTRAINED BY COMPLEX BROADCASTING RIGHTS CONTRACTS, WOULD GRADUALLY MAKE THE MOVE TO STREAMING. BUT SOMETHING HAPPENED AT THE END OF 2022 THAT SPARKED THE SHIFT.

MLB just renewed all of their broadcast deals in 2022 to expire in 2028



The Premier League has a six-year deal with NBC that started in 2021 and runs until 2028.

The UFC has a deal that runs from 2019 until 2024. The term of their new deal could potentially put them on the same timetable.



The NBA deal expires next year and potentially could line up here although the last deal was significantly longer in term.



NHL just renewed all of their deals through 2028



Featured



Angela Zepeda
CMO HYUNDAI MOTOR AMERICA



Danette Leighton
CEO WOMEN'S SPORTS FOUNDATION

8

Emerging Sports: Niche Is Well-Established

Sports media is not just learning to maneuver through the growing fields of viewing technology, it is also responding to changing tastes as sports aficionados look for variety in programming. Football and basketball are staples, but the popularity of women's sports demands that media companies and advertisers take female-focused leagues and athletes much more seriously.

For example, in 2023, the Women's National Basketball Association completed its most-watched regular season in 21 years. Viewership across its national television partners — ABC, CBS, ESPN and ESPN2 — was up 21 percent over the record-breaking 2022 season. The league also set new highs across WNBA digital platforms, social media engagement and sports betting. College basketball stars like Iowa's Caitlin Clark and her work with State Farm, and LSU's Angel Reese, whose NIL valuations were \$818,000 and \$1.7 million in 2023, respectively, will only feed these future increases

Elsewhere, the international racing federation Formula 1 has attracted greater interest than ever before in its 82-year history. Its 2023 Formula 1 season on ESPN platforms hit a new peak, becoming the second most-watched F1 season in U.S. television history. With an average viewership of 1.11 million over 22 races, it trailed only the record-setting average of 1.21 million from the previous year, according to FanNation.

F1's surge in viewers was initiated by Netflix's Formula 1 docuseries, *Drive to Survive*.

Premier Lacrosse League has seen an upsurge as well, reporting its most-viewed season in league history. It's worth highlighting that success was buoyed by an expanded linear TV, *Sports Business Journal* reported. In addition to having more windows on ABC, regular-season games across ESPN and ESPN2 helped PLL average 254,000 viewers to

The 2023 Formula 1 season became the second most-watched F1 season in **U.S. television history.**



date, up from just 150,000 at the same period in 2022, not including the All-Star Games.

Still, not all sports can expect that popularity of play to translate to large viewing numbers.

Take pickleball. The ping pong-adjacent sport has taken off in some cities. But only 15% of U.S. adults have played pickleball, compared with 58% who have played tennis, *MorningConsult* has found. Meanwhile, 66% of adults and 61% of sports fans said they are not interested in watching pickleball on TV or via a streaming provider.

If pickleball is considered too mainstream, look at the numbers the 2024 Professional Darts Corporation (PDC) World Darts Championship on Sky Sports attracted: nearly 5 million UK viewers tuned in to Sky Sports to watch the competition in early January. The darts final was the second-highest viewed non-soccer event on the channel. Even for a country that loves playing darts, that's saying something.

All this "record-breaking" across media reflects the viewing preferences of younger fans who increasingly seek diverse and interactive ways to engage with sports content. These Gen Z and millennial audiences are redefining the ideal home sports viewing experience. While 71% of general sports enthusiasts favor live events, 58% of Gen Z and millennial audiences are in that camp.

At home viewing adds competing layers of focus to the mix. About 77% of fans engage in at least one concurrent activity while watching sports, *Deloitte* reports. This multitasking ranges from looking up player statistics and engaging on social media platforms to participating in fantasy sports leagues, betting on ongoing games, or simultaneously watching other games on separate devices.

Social media has become an integral part of the sports consumption diet, especially for Gen Z fans, of whom more than 90% turn to platforms like Twitter, Instagram, and TikTok. These platforms serve as hubs for a variety of sports content, including game clips and highlights, live event streaming, athlete interviews, fan reactions, and updates directly from the athletes themselves. With sports content spread across different screens and platforms, bite-sized, on-demand content is increasingly available and demands for that variety will continue.

Growing appetites for interactive and immersive experiences have translated to a corresponding interest in betting. Around 50% of Gen Z and millennial fans, particularly those over 21, are keen on having the option to place bets on various game aspects in real-time through their mobile devices. This interest is not just confined to at-home viewing but extends to attending live sporting events.

For brands like Kia USA, eSports is an area it expects to invest in more. The space itself is still in an experimental phase for a lot of brands.

The audience of eSports is unique for several reasons,” Wager says. “Besides its rapid growth over just the last couple of years, there’s the fact that 50% of their audience doesn’t watch any of the other sports. It’s hard to believe, but half of eSports viewers don’t watch the NBA, the NFL, MLB, or NHL. So, there is a whole audience that brands haven’t been talking to.

One of the key lessons that Kia USA learned from its long sponsorship with the NBA was the need to drill down and form individual relationships with the teams themselves and the local markets they’re based in.

“That’s why we now partner with 15 NBA teams,” Wager says. “When we started our discussions in eSports, we started by looking at the League of Legends eSports, the multiplayer online battle arena video game developed and published by Riot Games. Besides the league partnership, we want to also identify a couple teams right out the gate. We are the first automotive company that has both an eSports league deal as well as local team deals. We know that by doing both, the synergies kind of flow from the top right down to the bottom to the fandom. Everyone’s a fan of the eSports league that’s watching it, but then they obviously have specific teams that they’re fans of just like in the NBA.”

As these broad trends from linear to streaming TV, and social and eSports, gain momentum, the media landscape will only become more diversified. Taken altogether, the traditional passive viewing experience is giving way to a more engaged, interactive, and multifaceted one. This evolution is not just reshaping how sports are watched but also how they will be marketed, broadcast, and integrated into the digital realm.

THE COST OF SPORTS RIGHTS

WHY THIS TREND?

The tug-of-war for sports rights between traditional and streaming TV will give fans, leagues, as well as brands, media buyers, and media owners a lot to consider.

- **D2C (Direct-to-Consumer) is the new MVP:** Leagues and teams are launching their own streaming platforms, bypassing middlemen and potentially offering fans cheaper access. Think NBA League Pass on steroids.
- **Bundling for survival:** Traditional broadcasters might merge and bundle content to compete with streaming behemoths, blurring the lines between cable and on-demand, as with Turner/TBS and Warner Discovery’s MAX
- **Cord-cutting conundrum:** Fans will face a choice – subscribe to a multitude of streaming services or miss out on their favorite teams. Talk about a penalty flag for affordability. For example, American fans of the Premiere League can watch matches on either Peacock, NBC Sports, or the USA Network. But if they want access to all Premiere League games on all those NBCU properties, they need to subscribe to the Premium Plus Plan. It starts to add up after a while.



When it comes to sports rights, the NFL are “the kings of the mountain,” said EDO President Kevin Krim. The NFL very deliberately built a national media franchise for football when all the leagues governing baseball, basketball, and hockey were focused primarily on regional and local TV deals.

“The NFL from very early on were determined to make football a national sport,” Krim said. “Baseball was said to be ‘the national pastime.’ But the NFL wanted to make that designation a fact, not just a tagline. That history tells you a lot about where the NFL saw the world going in terms of the rise of national media. And in this moment, the deal the NFL struck with Amazon Prime reflects that sense of the future.”

The deal also says a lot about the strength of an entity like Amazon. It took confidence to inspire the NFL that it wasn’t going to tank a franchise. Amazon had worked hard to build up around Thursday night.

MEDIA RIGHTS, THE NEW ARMS RACE

The NFL is working to reshape the TV rights for the streaming era. But it faces a difficult balancing act. All sports leagues realize that players like Amazon Prime and Apple+ are eager to stake their claim on live sports telecasts – and they have the wherewithal to challenge the traditional TV networks and cable companies for access to exclusive rights.

Of course, Amazon has other advantages in access to consumer data that its rivals do not have.

Amazon Prime's thesis in securing the exclusive rights to TNF was based on the company's belief that they could train viewers to use Amazon Prime video apps on their different connected devices and build up their e-commerce-based Prime subscriber base to offset any costs," Krim said. "They're willing to pay more was the idea that over time they have a lot of data about their Prime subscribers, those households, and they could prove to advertisers that this was a more valuable audience because they were more engaged, they're more likely to be in the market for what advertisers are selling.

The second season of Thursday Night Football on Prime Video, for instance, saw a 24% increase in total viewers, Amazon revealed, including 14% growth among 18-to-34-year-olds from the previous year.

Advertisers are seeing success by helping drive engagement with viewers through interactive video ads, which garner nearly 20x more interactions and are effective at getting shoppers to landing pages. Amazon and networks like Peacock have seen consumers start to respond favorably to "shoppable ads." It's still early, but viewership drives direct sales through QR codes. It also gives Amazon access to additional subscriber data, which they can turn around and sell to other advertisers to retarget users further down the funnel.

Prime Video will also have additional opportunities to reach customers starting in 2025. That's when the streamer began exclusively broadcasting five NASCAR Cup Series as part of its new seven-year media rights agreement, showing its commitment for the opportunities in live sports.

WHAT ARE THE IMPLICATIONS FOR BRANDS?

Ann Sarnoff, former Warner Bros. chairwoman and CEO, calls the battle over televised sports rights the "big X factor" for advertisers and media companies. "The fragmentation of sports rights is good for the leagues but confusing for consumers," she told CNBC. "The most passionate sports fans will subscribe to everything and find their sport wherever it is, but fragmentation creates a delicate tightrope for the leagues to walk in terms of maintaining mass appeal and engagement, which have driven a stellar sports advertising business."

Other observers aren't so certain about streaming TV's inevitable and overwhelming advantage in the rights wars.

Fragmentation creates a *delicate tightrope* for the leagues to walk in terms of maintaining mass appeal and engagement

While the MLB, NHL, and Premier League all have rights deals that expire in 2028, Brian Wieser, the principal for Madison and Wall advertising and media consultancy, said that the web of interlocking relationships among the leagues, distributors and cable operators will simply force all the existing players to continue jockeying for position.

Complicating matters, companies like NBCU, CBS, ABC, Fox, and Disney depend on their traditional properties, and sports broadcasts are key to maintaining those businesses. There will be no "on/off" switch in the move from linear TV to streaming

Wieser says. And that will make negotiations even more compli-

[Walt Disney Company CEO] Bob Iger has spoken fairly specifically, saying they do have some rights to push things into streaming, but it's basically all about their next renewal cycles -- they may have rights with the leagues, but they may not have rights with their distributors," Wieser says. "That means, for example, ESPN might violate their carriage agreements if the NBA program on ESPN were to be placed on ESPN+ -- even if they had the right from the NBA to do it. They have to have deals with cable companies like Charter, too.

These deals among leagues, distribution channels, and cable companies tend to be staggered. So, the rise of streaming deals will still occur incrementally, Wieser said.

"What we've seen increasingly in this sort of fragmenting television world is that: particularly generally younger customer segments are coming out of pay television and wanting to have more choice," Warner Bros. Discovery streaming and games chairman JB Perrette told The Hollywood Reporter in an interview as the company was



launching its Max sports channel in October. “Older customers generally are staying a lot with pay television — it’s a great value. And so, we’re trying to sort of re-aggregate that reach and that audience, but in a way that ultimately tries to keep economic parity and models such that we’re not disadvantaging one or advantaging another.”

WHERE DO REGIONAL SPORTS NETWORKS FIT IN?

Sports fandom is inherently, if not exclusively, local. However, TV deals, much like the internet itself, are more national and even multinational. That dynamic has tended to put the business of Regional Sports Networks (RSNs) in a bind.

That’s not to say RSNs aren’t valuable. The system of channels that televise most MLB, N.B.A., and N.H.L. games and pay billions of dollars to teams each season. Thanks to fans and advertisers willing to pay for access to RSN games, the model exemplifies the power of local for sports programming.

Certainly, Amazon sees it that way. In part, the change in media consumption from pay TV to individual streaming channels is what led the RSN Diamond Sports, which operates 19 channels across the country under the banner of Bally Sports, to declare bankruptcy in March 2023, despite overseeing channels that show about a third of all MLB, NBA, and NHL games.

By mid-January 2024, Diamond said it had secured \$450 million from creditors to fund a reorganization plan. The sweetener: Amazon provided an additional \$115 million and became a minority investor in the RSN. The deal, which still required bankruptcy court approval at the time of this writing, would give Amazon access to all MLB, NHL and NBA teams that Diamond possesses streaming rights for, giving fans in nearly two dozen markets direct-to-consumer access.

Major League Soccer saw all this coming in 2018, when MLS laid down the law to its then-23 franchises: no new regional rights deals running past the end of the 2022 season, Front Office Sports reported.

For its part, MLS’s direct-to-consumer deal looks strong: apart from the \$2.5 billion 10-year deal, the reach of 860 million Apple subscribers on 2 billion connected devices is unmatched by RSNs.

But Apple will need to build a much more robust advertising offering to make the deal pay off; it will entail attracting other leagues’ exclusivity offerings.

The bottom line is that a clear advertising model, with details about performance, is essential for these arrangements to solidify. Most of the pressure will be on the leagues themselves to keep the streamers and advertisers satisfied.



Featured



Brian Weiser
CFA, MADISON AND WALL

9

Media Sponsorships, How They Could Evolve?

Gen Z
demographic
showing a
10% YOY
increase

MULTISCREEN VIEWING IS SIMPLY HOW WE ALL experience media. Sports is no exception. But there are differences in the ways someone uses their smartphone or tablet when viewing a game versus binge-watching a gothic horror series on a streaming channel.

While watching games on platforms like livestreaming service Twitch and social media in general, viewers are constantly engaging with second and third screens. It's a way to touch base with a friend ("Yo! I can't believe Toronto's Jordan Romano just hit the Angel's Anthony Rendon with a pitch!") or order pizza.

In just the last year, multiscreen viewing activities have increased by 5%, with the Gen Z demographic showing a 10% year-over-year increase, according to Nielsen Sports. In a sign that many sports fans don't want to miss anything at all, 47% of viewers simultaneously watch other live content while watching a match on TV or a digital device, a rate significantly higher than the general population's 33%.

The rise of multiscreen and digital viewing experiences is a boon for marketers, allowing for new kinds of collaborations and inventive strategies. PepsiCo's involvement in the launch of EA Sports FC 2024 exemplifies this trend, blending sports, gaming, and brand experiences.





10 *Sports Betting* Pays Off

Americans have wagered **over \$220 billion** on sports betting since 2018.

MORE THAN 30 STATES AND THE DISTRICT OF COLUMBIA offer legal sports betting, with Kentucky, Maine, and Florida opening their online wagering in 2023. Places like Nebraska, which still require sports bets to be made in-person, have authorized some form of interactive gambling.

Six years since the Supreme Court overturned a law that had banned most states from allowing sports betting, more than half of Americans live in places it is permitted. Altogether, Americans have wagered over \$220 billion on sports betting since the court action in 2018.

2023 represented a year of marked gains for the sports betting industry. Growth has been phenomenal. The American Gaming Association projected total sports betting would exceed \$100 billion, a significant leap from the January-September figure of \$78.7 billion. New York set its own record in November 2023 with a monthly handle

of \$2.1 billion — the highest ever by an American state, Front Office Sports highlighted.

In 2024, big bets will be on whether consolidation will take hold in 2024, as FanDuel, DraftKings, BetMGM, Caesars, bet365 battle it out against relative upstarts like Fanatics Sportsbook.

DraftKings, a bellwether that has shaped the industry, saw its stock value surge by over 220%. FanDuel, the other main leader in the American sports betting market, is gearing up for its own U.S. stock market debut — yet another sign of the company’s — and industry’s — maturity and value.

Speaking of growing value, ESPN established a new milestone in the betting arena in a \$2 billion deal with PENN Entertainment, which operates in-person and online sports gambling and content across more than 40 states. The launch of ESPN Bet in mid-Novem-

ber played a key role in setting new state betting records in prominent markets like Pennsylvania and Massachusetts. The strategy employed for ESPN Bet mirrors the integration of sports media and betting observed with PENN’s theScore in Canada, highlighting a blend of content consumption and betting activities.

The market is seeing a shift, especially in states like Pennsylvania, where PENN, with the ESPN Bet rollout, doubled its handle from \$32.3 million in October to \$66.8 million in November. This strategy aims to attract not just betting enthusiasts but a broader demographic of sports fans. ESPN and PENN are ambitiously targeting a 20% market share by 2027, challenging the FanDuel-DraftKings duopoly that currently holds over 70% of the market.

Although “just a rumor” at the time of this writing, Barstool Sports, which in August 2023 was returned to founder Dave



Portnoy after the previous deal with PENN fell apart, was reportedly in advanced discussions with DraftKings about establishing a marketing-focused sports betting partnership, Sportico reported.

The deal would involve Barstool promoting DraftKings' betting odds and receiving compensation for customers referred to the sportsbook, without Barstool branding a sportsbook or betting app. The potential multi-year agreement could see Barstool earning in the low eight figures annually.

The deal's finalization is on hold until after the Super Bowl due to a restriction from Barstool's recent split from PENN, which sold the company back to Portnoy for \$1, citing failure to leverage Barstool's brand for a betting app.

SOMETIMES, THE HOUSE DOESN'T WIN

The rising tide of sports betting didn't lift everyone's boat. The growth of sports betting has made the bigger players even larger, while smaller players like Fox Bet, Unibet, and WynnBet, have either left the market or scaled back their operations.

Conversely, Fanatics made a significant move by acquiring the U.S. operations of PointsBet for \$225 million, signaling its serious intent in the sports betting space.

The industry's consolidation is partly due to the slowing expansion of sports betting into new states. North Carolina legalized sports betting in 2023, but its launch date remains undetermined, while Vermont is set to start in January. However, populous states like California and Texas continue to resist legalization, with Texas not revisiting the issue until at least 2025, Front Office Sports noted.

PUBLISHERS CLOSE THE BOOK

Another sign that the sports betting surge has not benefited everyone can be found in the deal market between publishers and sports betting companies. The space, as Digiday has described it, is experiencing something of a "correction."

There are a few reasons behind that. First, sports books are now focusing on maximizing customer lifetime value rather than putting efforts behind attracting new customers starting to explore sports gambling. In fact, the new openings of sports betting may have made it harder for sports books to "throw money at customer acquisition" and have that result in conversions. This is because there is more competition for customers, and it is more expensive to reach them.

And there are simply a few bets that did not pay off for publishers.

For example, Gannett and Tipico tore up their five-year deal three years early. Gannett then signed a new deal with Gambling.com Group.

As a result, new alliances are forming with sports betting giants rethinking old partnerships.

Case in point: PENN Entertainment sold Barstool Sports back to founder Dave Portnoy as it turned its attention to ESPN. Fox is sunsetting its sports betting site Fox Bet. Lastly, The Boston Globe's parent company, Boston Globe Media Partners, was sued by Danish sports betting media company Better Collective for \$750,000 after the latter charged the former with not keeping its promotional promises.

Despite these examples, some publishers are still betting on sports book revenue. For example, Front Office Sports signed a deal with PointsBet to create a thrice-per-week newsletter. Meanwhile, Vox Media locked in a deal with DraftKings to create a new hub with its network of sports blogs under SB Nation.

While the promise of easy money isn't likely to materialize for publishers betting on sports book deals, that doesn't mean the game is over.

11

New Technologies: *AI Takes the Field*

IS THERE ANY DISCUSSION THAT DOES NOT INCLUDE ARTIFICIAL INTELLIGENCE THESE DAYS?

“Like any technology, you have to be responsible in the way you engage with and leverage it,” Solis says of the NFL’s use of AI’s advances. “We recently partnered with AWS on their next gen statistics. For example, we’re able to look at the data to prevent injury and to develop innovations and technologies to make the game safer. The other part of AI is how it’s helping us enhance the creative piece of what we do.”

Solis points to the way ESPN and its parent, The Walt Disney Company, worked with the NFL on “Toy Story Funday Football” at the end of September for an international game at Wembley Stadium in London.

Billed as “a first-of-its-kind presentation,” featuring beloved characters from Disney’s Pixar Animation Studios, AI was used to recreate “Andy’s room” from the iconic film to promote the game between the Atlanta Falcons and Jacksonville Jaguars.

AI was used to transform the actual players into animated versions of the players on a field designed to mimic the “Toy Story” universe. The players were joined by the movie franchise’s characters, including Woody, Buzz Lightyear, and others.

On top of that, the game’s action was captured using advanced tracking technology, with commentators and graphics all tailored to fit the animated theme, offering fans a unique viewing experience.

GENERATIVE AI’S IMPACT ON SPORTS

In November 2022, the PGA Tour introduced its generative AI virtual assistant at the Pro Am for Amazon’s re:Invent event in Las Vegas. Fans were thrilled by the virtual assistant’s ability to gener-

ate highlights in response to specific queries.

And that was a year before ChatGPT was introduced.

The potential for AI to create organic and knowledgeable responses in 2024 sparking something of an AI arms race among the leagues and in Big Tech. Amazon, Google, Microsoft, and Meta, alongside others like Databricks and Veritone, are competing in this space, bringing forth a variety of applications across different sectors of the sports industry.

One notable application is WSC Sports, an AI-driven platform that enables sports media rights owners to automatically generate personalized sports videos in real-time. This technology is capable of digesting audio and video, recognizing action, tagging metadata, and generating video reels based on specified criteria — all with only the barest human intervention.

In baseball, the Texas Rangers have used generative AI to process vast amounts of textual and video data efficiently. The team is working on fine-tuning Large Language Models to “speak baseball” and so it can summarize and analyze scouting reports and other data.

Generative AI is not only enhancing content creation but also assisting in operational aspects like ticketing, customer service, marketing, and cybersecurity. CrowdIQ, for instance, applies computer vision to generate crowd data from high-resolution photos, providing valuable insights for teams to optimize fan experiences.

2024 will see media companies and advertisers integrate AI more tightly into their operations, and technology will become increasingly essential to fans’ experiences.

We are using AI and other applications mostly with our digital retailing to provide best-in-class customer experiences,” Zepeda says. “Our ad agencies are using it to help build assets more quickly and with more relevancy by tailoring our messaging to specific audiences. It’s still something we all need to think more about. The truth of the matter is, there’s a lot of AI going on in the background.

LIVE AND BEHIND THE SCENES: NBA GOES ONE-ON-ONE

The role of “mixed digital and physical reality” tech is expected to emerge as a valuable digital use case over the next two years. While terms like the “metaverse” have faded, the layering of virtual and augmented reality tools on the field of play promises an immersive, 3D experience that’s as close to starting on the 10th yard line or stealing second base as any non-pro athlete can get.



At the NBA's 2023 All-Star Weekend, the league presented a range of tech advances designed to show how the second screen can establish true one-on-one relationships with fans.

For example, the NBA app allows fans to insert a 3D avatar of themselves into a live basketball game. Fans can use their smartphone camera to create a 360-degree full body scan that generates the avatar which then replaces one of the players on court. The avatar can copy the movements and reactions of that player in real-time, making it appear as though it is the fan passing the ball or scoring three-pointers.

From Formula 1 to FIFA, tapping into the passion of fandom is what will separate winners and

losers, pros and amateurs within the sports media landscape in 2024.

The myriad shifts shaped sports media in 2023 were too vast for a simple summary. But what has become quite clear is that the best tech and the best performing media channels are the ones that lower the barriers between fans and the sports, the teams, the players, they love and admire. The innovations that move forward in 2024 will be the ones that enhance those vital connections that not only drive revenue and build audiences, but also boost engagement across all the places and platforms where sports are experienced.

Featured



Marissa Solis

SVP – GLOBAL BRAND & CONSUMER MARKETING, NATIONAL FOOTBALL LEAGUE



Angela Zepeda

CMO HYUNDAI MOTOR AMERICA

CREDITS

Paul Woolmington



Aaron Anderson



Ed Gentner



James McNamara



Kyle Pratt



Laura Seldon



Megan Quick



SPECIAL THANKS:

David Kaplan and the Brand Newsroom Team
Marc Sternberg, David Teicher and the Brand Innovators Team