



## Premium Sports and Online Delivery

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# Agenda

Traditional Television Trends

Online Trends

Case study: Boxing

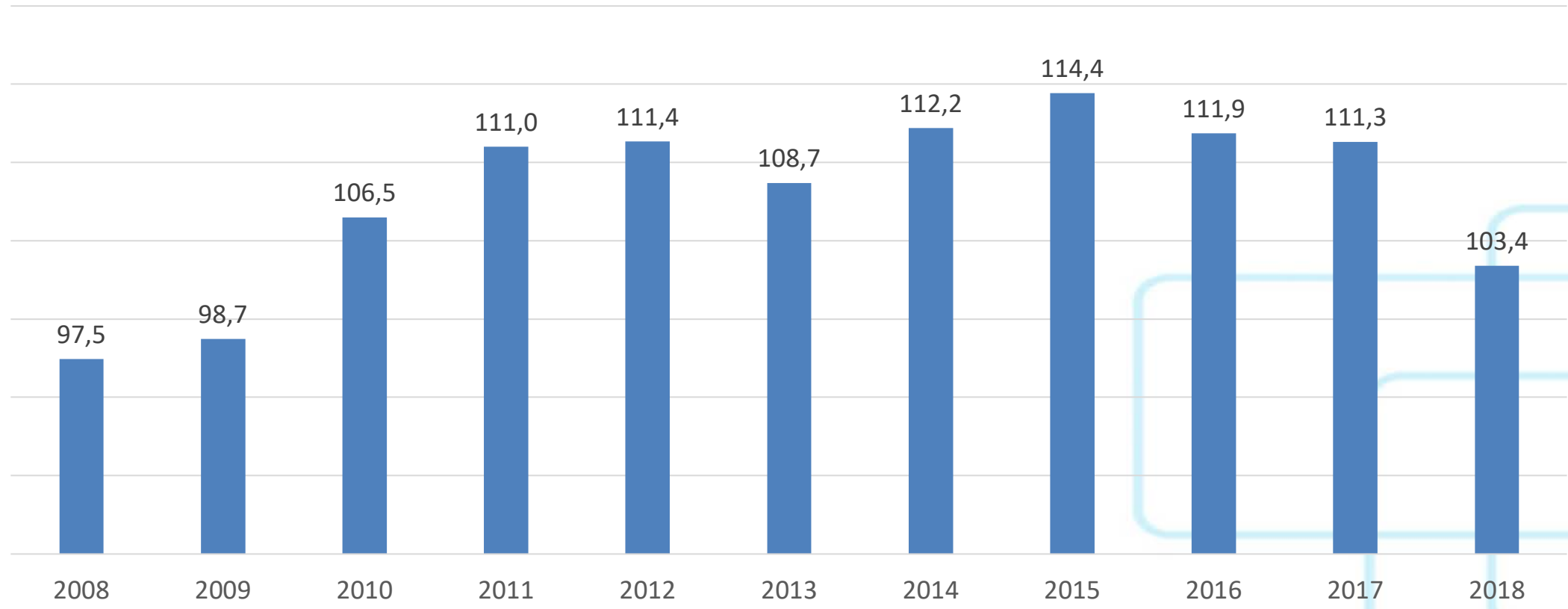
Case Study: Arsenal FC

Case Study: F1



# Premiere sports events still owned by TV

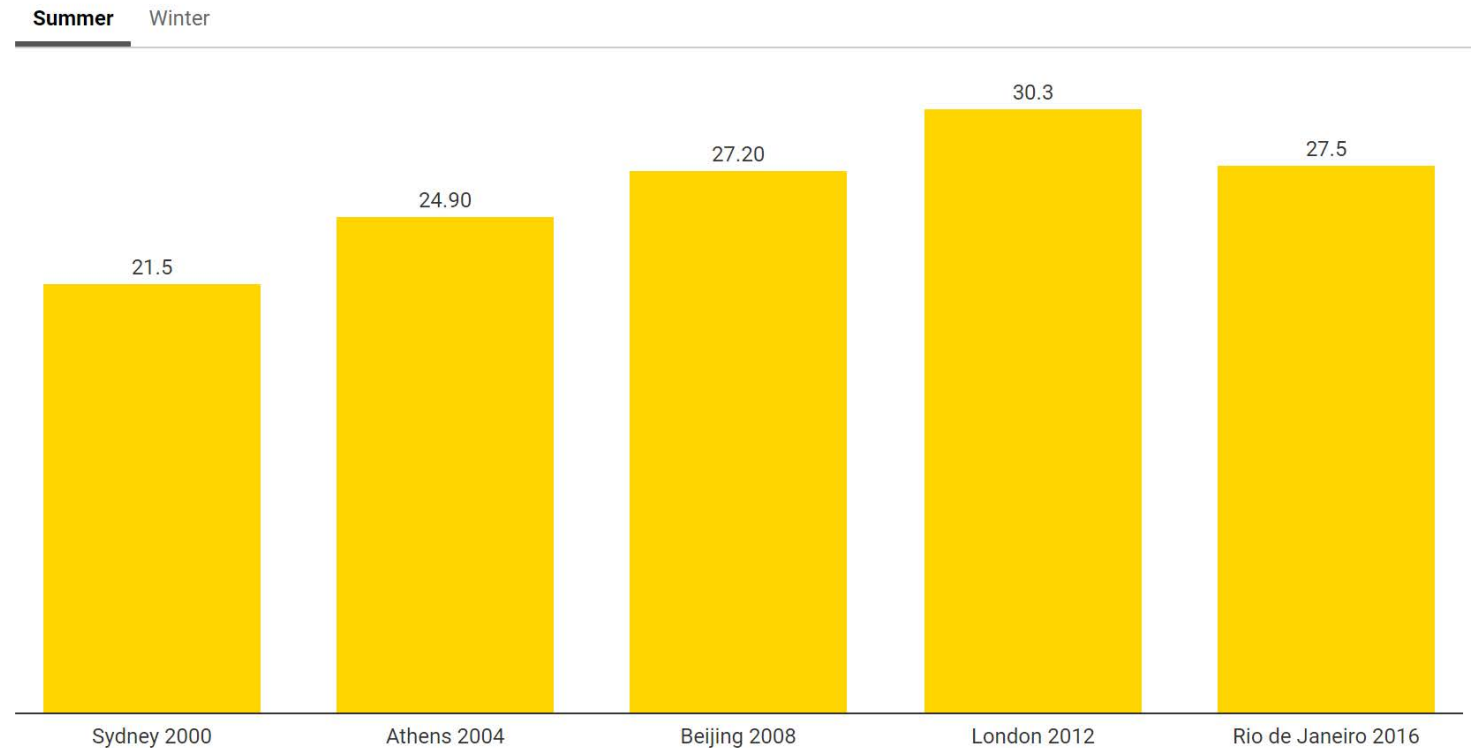
Super Bowl Audiences 2008-2018 (millions of home)



# Sports on TV struggling to maintain audience

## Average Olympic viewership

In millions of viewers



Source: NBC | Winter Olympics viewership includes primetime competition as well as opening and closing ceremonies, while summer viewership is only for primetime competition. • [Get the data](#) • Created with [Datawrapper](#)

## Winter Olympics audience is falling

- 24.4 M Vancouver 2010
- 21.4 M Sochi 2014

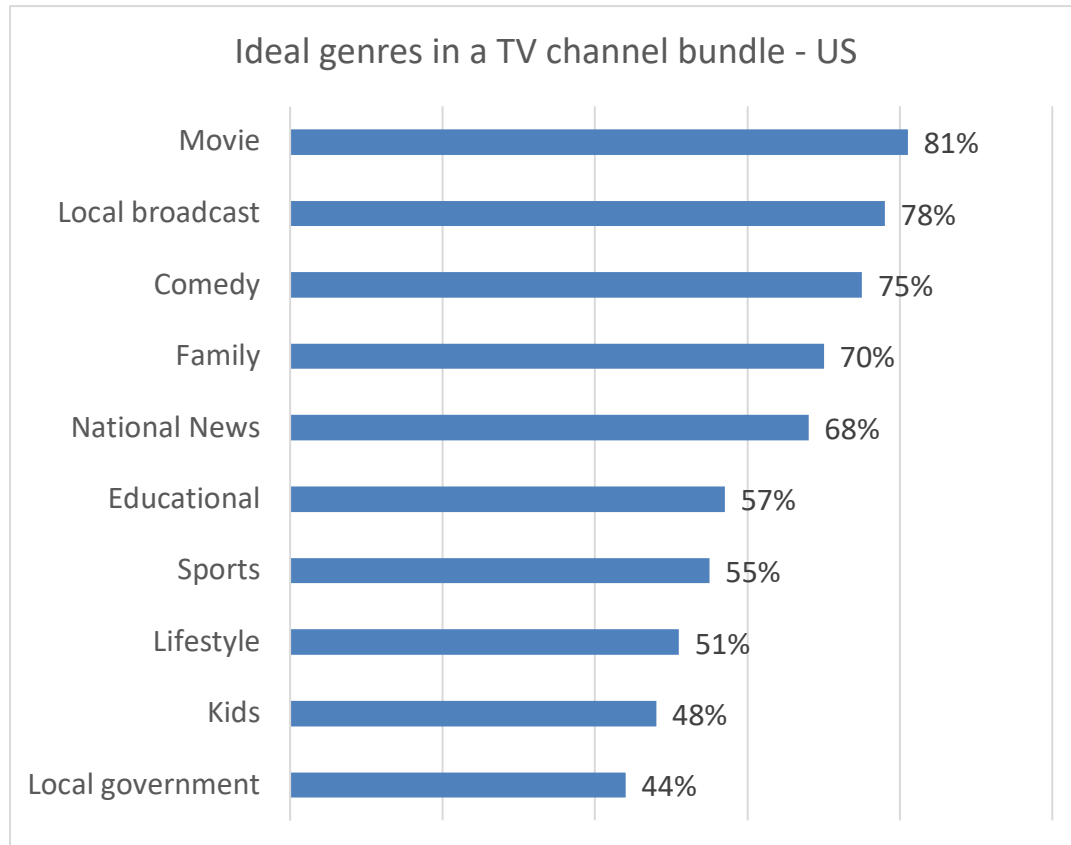
## NFL average audience size declining

- 2016-17 season -8%
- 2017-18 -10%

## Premiere League mixed

- '16-'17 season -10%
- '17-'18 +8%

## Sports on TV not the anchor it once was



Sports have anchored people to their pay TV provider

- Only way to get premium sports

That is changing

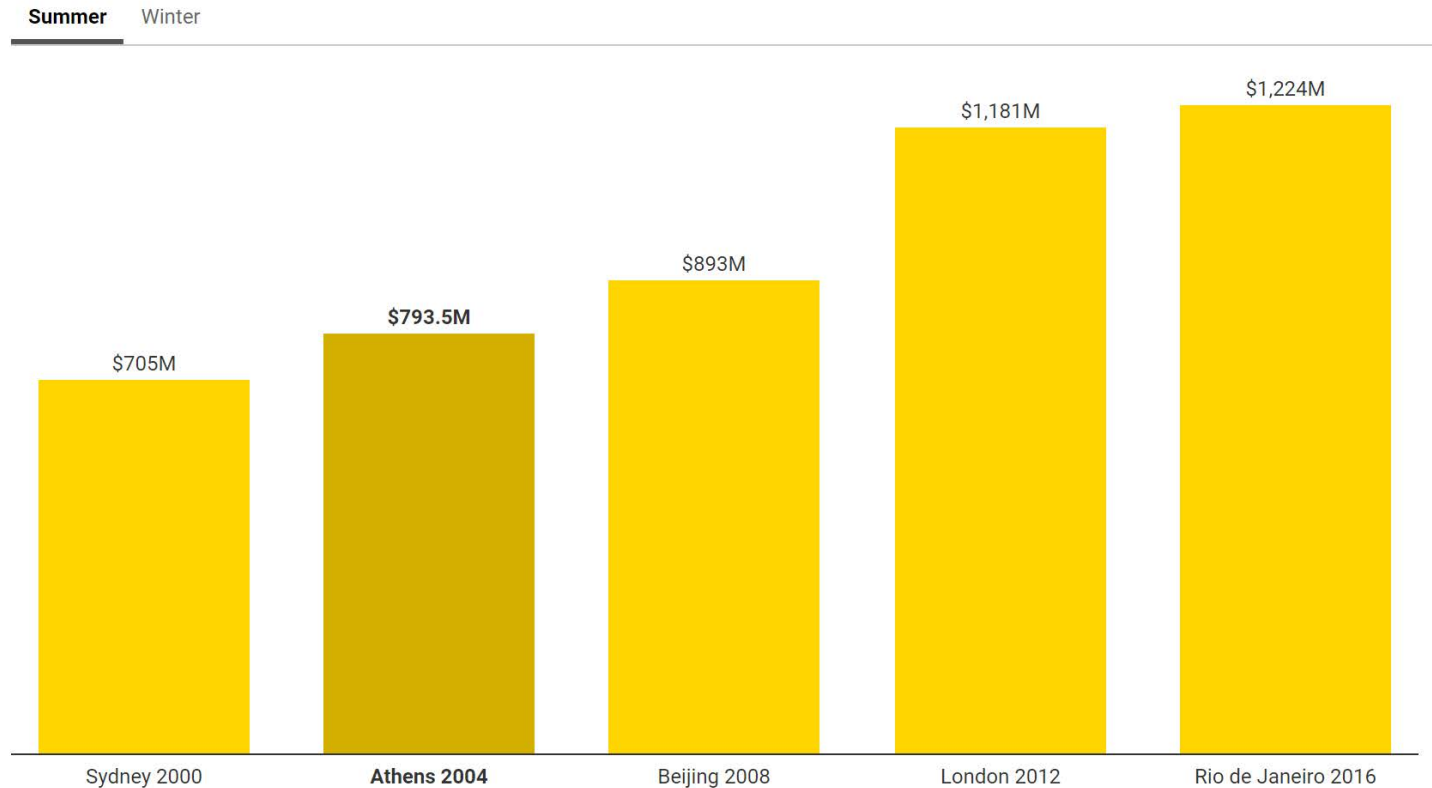
- Live premium sports more available online
- Virtual MVPDs
- Live streaming deals with online providers like Verizon, Amazon, Twitch, more

Sports far down in importance for consumers

- Ranked below educational content in an ideal pay TV bundle.

# While sports licensing fees just keep going up

## Average Olympic domestic rights fees



Source: S&P Global Market Intelligence • Get the data • Created with Datawrapper



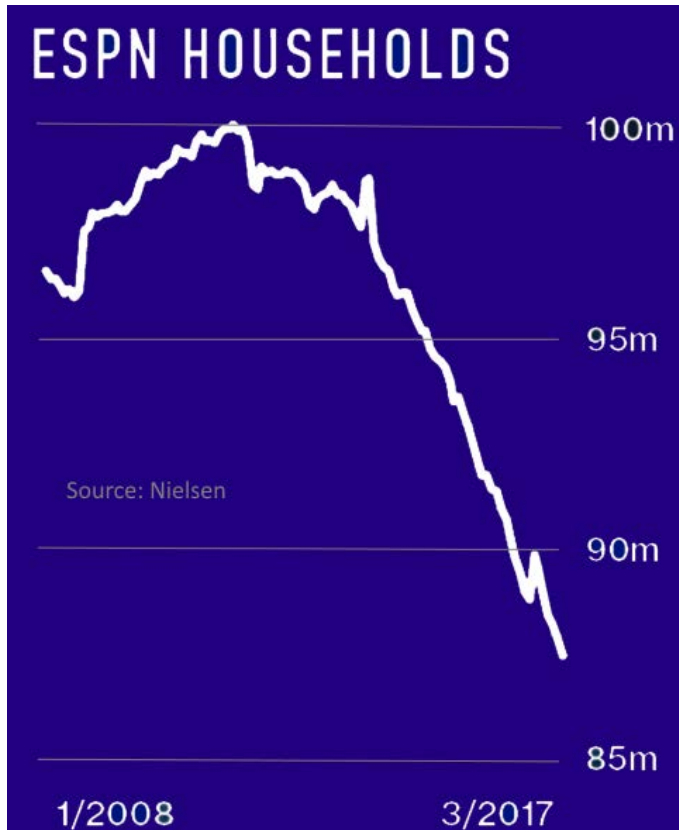
Not for distribution or publication

Verizon paid \$2B in 2018 for 5 year live NFL game streaming to mobile devices

Premier League UK rights escalating

- '10/'11-'12/'13 £594M per season
- '16/'17-'18/'19 £1.7B

## The ESPN challenge



ESPN households peaked in 2011 at 100M in the U.S.

- Down 12M since then, to 88M
- Lost 621K subs in just one month last fall

Viewership for flagship 6 PM Sportscenter broadcast down

- -12% from 2015

Sports licensing fees not falling

- Faces programming costs of \$8B this year
- Earned \$7.8B in pay TV license fees in 2017
- Still making money, but making much less



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# Sports have seen strong growth online

Live includes sports and linear television

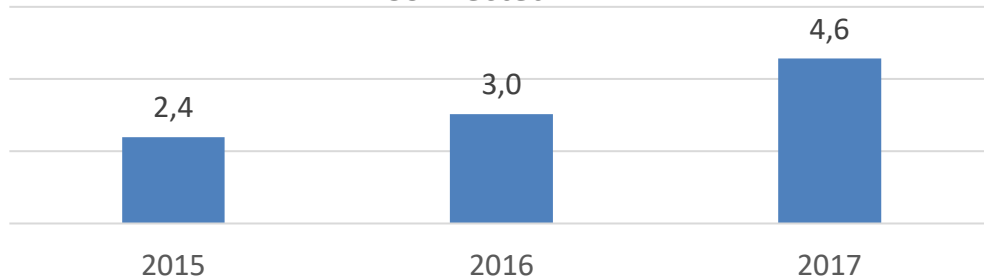
Share of home video starts increased

- From 19% in 2016
- To 36% in 2017

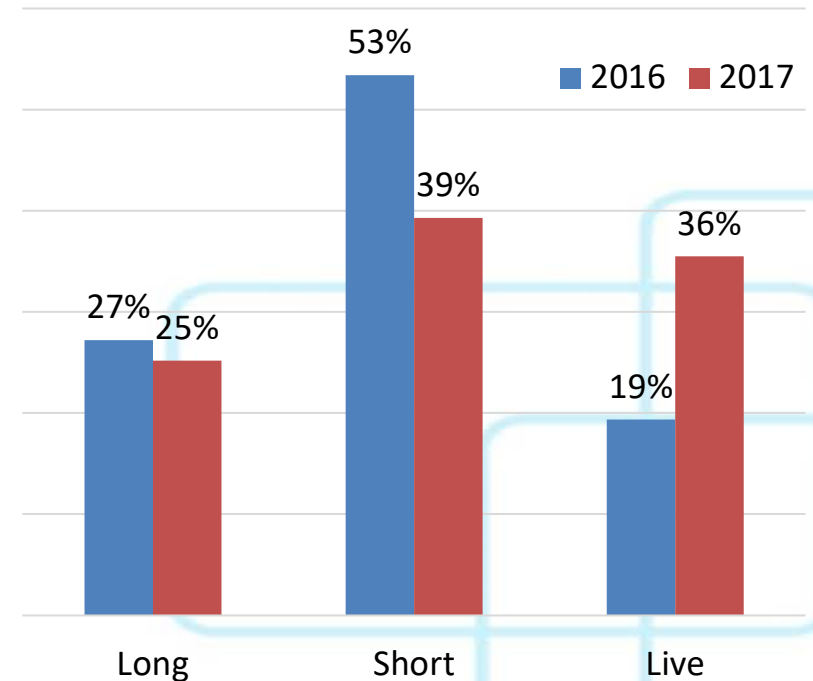
Engagement up on every device except the PC

- TV grew from 2.4 live plays per hour in 2015
- To 4.6 plays in 2017

Hourly Live Plays per Unique Averaged over a Day on Connected TV



At Home Video Starts 2016 Vs 2017



## Premium sports starting to migrate online

Twitter and Amazon live streamed 10 NFL games

- Twitter '16-'17 audience 265,800
- Amazon '17-'18 310,000
- Amazon '18-'19 455,000
- TV audience down 10% '17-'18 season, down 2% more '18-'19, around 14 million per game

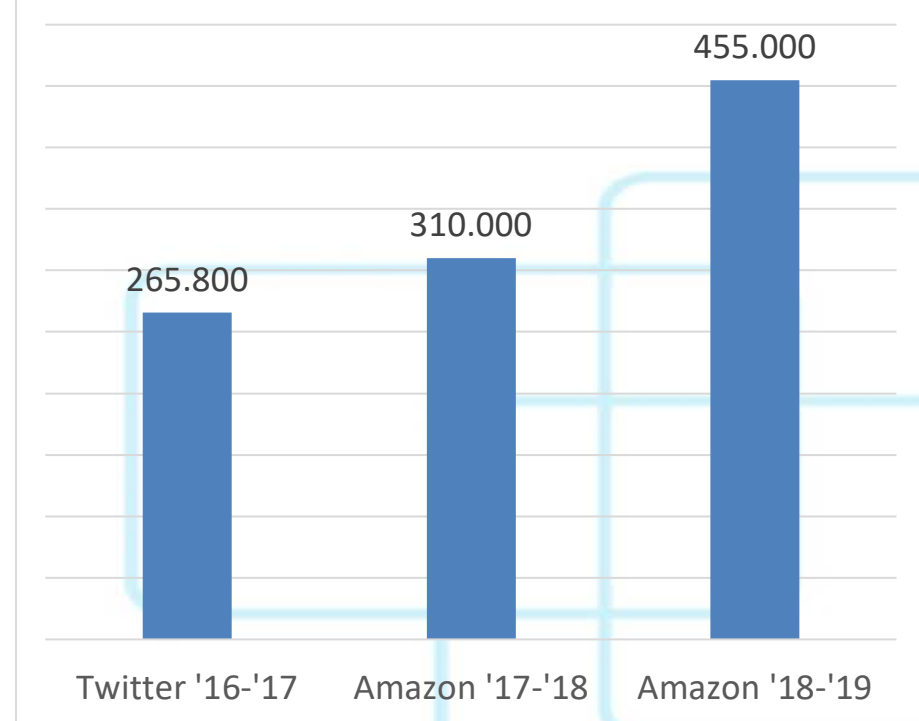
Some leagues offering games online

- NFL Game Pass, \$99/season out-of-US only
- MLB, MLS, NHL out-of-market games only

Amazon bought 10 Premier League soccer games for '28-'19 season

- Bidding on Fox local sports networks in the U.S.

Average Minute Audience for Thursday Night Football on Twitter and Amazon



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## Boxing finds new life online



Vanished from linear TV in many markets

- Controversial nature of sport was a problem

Pay-per-view events

- Mayweather-McGregor fight August 2017
- \$99 to watch the fight
- 4-5 million PPV sales, 50 million audience
- 3 million illegal viewers

ESPN adding boxing to its cable channel

- Multi-year, multi-platform deal with Top Rank promoter
- TV, PPV, TV Everywhere
- 18 events in the first year

## UK ITV using boxing to bolster falling ad revenue

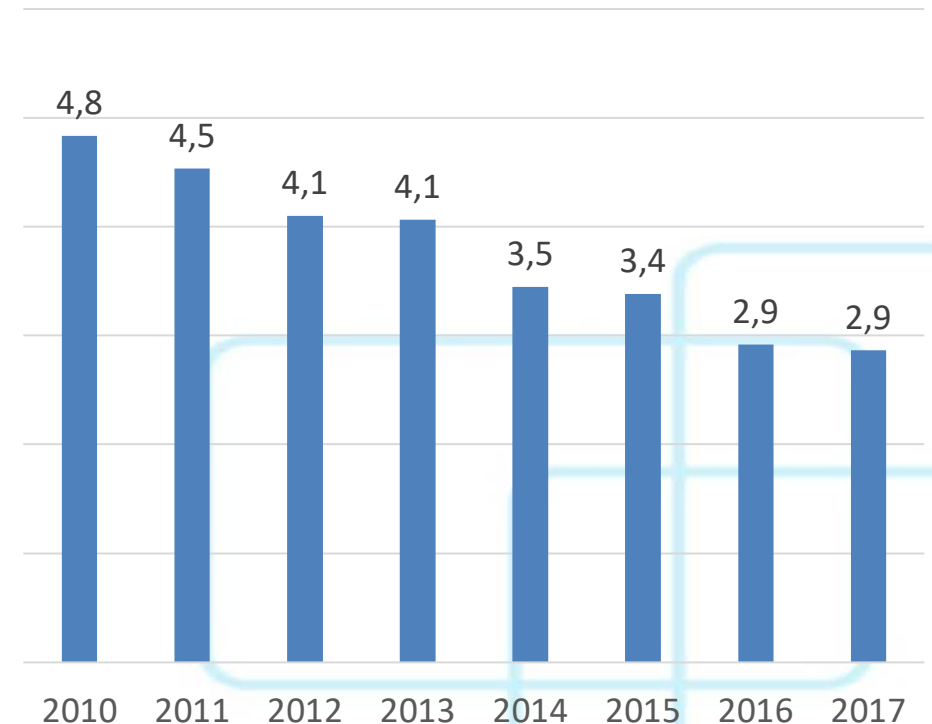
### UK commercial broadcaster ITV struggling

- Average weekly viewing per person down
- 2010 - 4 hours and 50 minutes per week
- 2017- 2 hours and 52 minutes, down 41%

### Diversifying revenue base

- ITV Box Office first PPV fight in 2016
- IBO world super middleweight title bout between Chris Eubank Jnr and Renold Quinlan
- Renamed Box Office to Venue
- Expanded offering with World Boxing Super Series
  - **Exclusive multi-screen PPV series**

ITV average weekly viewing per person



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## Arsenal FC

### Content provided online

- Cannot stream live games
- Can stream time delayed starting midnight after the live game
- Highlight reels
  - **11 minute game highlights**
  - **3 minutes, just the goals**
- Coaches Press Conference, 30 min documentary

### Changed business models

- Launched with subscription model
  - **Only attracted 80,000 subs**
  - **No advertising due to sponsor conflicts**
- Switched to free sign-up
  - **1.5 million**
  - **35M Facebook followers**





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## Formula 1 goes OTT



Until 2018, F1 only distributed through traditional TV

F1 changed approach this year:

“We have an obligation to our fans, quite candidly, to ensure they are able to access our content in any means they want. We would be derelict if we pursued a path for anything other than that.” Sean Batch F1 Commercial Director

Launched an OTT app in April:

- F1 TV Pro – Feature live races and all 20 driver cameras, as well as all Access features
- F1 TV Access – No live, race timing data, radio broadcasts, and extended highlights
- Annual: \$70-\$100, Monthly: \$8-\$12

Geoblocked to prevent license conflicts

## What F1 TV does for the sport



### One: Improves the traditional TV experience

- People with live races on TV have a reason to get F1 TV Access

### Two: Will grow the international audience

- Many regions don't have F1 on TV
- Sport is by its nature a world sport

### Three: Audience is widely dispersed

The Internet is great at aggregating large, dispersed audiences into an addressable market

### Four: Deep Engagement for everyone

- Coverage is limited to just the races
- F1 TV is available all the time, everywhere

## Conclusion

Escalation in costs of sports rights will continue

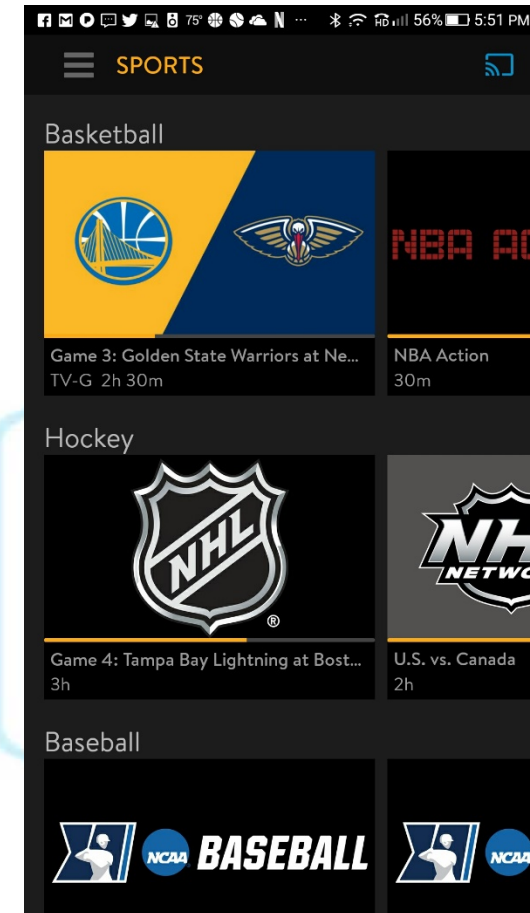
- Online providers will help push rights costs up

Sports not enough to hold people to traditional TV

- TV audiences will continue to decline
- As audience's attention moves online

Teams, leagues, organizations are innovating with OTT delivery

- Expand audiences
- Deepen engagement
- Support traditional TV experience





## About nScreenMedia

nScreenMedia is a resource to the Digital Media Industry as it transitions to the new infrastructure for multi-screen delivery. Through a mix of informed opinion, news, information and research nScreenMedia helps you make sense of multi-screen media.

[www.nscreenmedia.com](http://www.nscreenmedia.com)

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