

The future of the sports industry: how technology will shape the value chain

January 2024

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Sport: a passion, a culture, a way of life. For millions of people around the world, sport is a source of inspiration, joy and identity. Sport is also a global industry that annually generates billions of dollars in revenue. It is an industry that is constantly evolving and innovating to meet the needs and expectations of its diverse and dynamic stakeholders, such as fans, athletes, coaches, the media, sponsors and regulators.

The sports industry value chain is facing many opportunities and challenges in the wake of rapid changes in technology, consumer behaviour, and social norms. In this article, we will explore some of the major technology-related trends that are expected to shape the future of the sports industry in 2024 and how industry players may be able to monetise them.

Performance analytics

The sports industry is likely to continue to use artificial intelligence (AI) techniques and big data to enhance performance and improve decision-making for coaches and athletes. By dissecting and analysing various aspects of the game, such as player movements, tactics, and biometrics, performance analytics can provide insights and feedback that can help optimise training, game strategy, and players' performance.

Sports leagues can monetise this trend by offering data-driven solutions and services to teams, players and fans, such as personalised coaching, performance tracking, and fan engagement platforms. For example, the National Basketball Association (NBA) in the USA has partnered with Microsoft to develop a new platform to deliver real-time data and analytics to fans, coaches, and broadcasters. The platform will also enable fans to access personalised content, such as player statistics, highlights, and play fantasy games using these statistics.

Fan engagement

Technological innovation can create immersive and interactive experiences for fans, both in stadiums and online. The line that divides the physical and virtual experience of a game will be thinner in the future, thanks to features such as virtual reality (VR), augmented reality (AR) and holograms.

Engaging the fan base can drive brand loyalty and generate opportunities for sports leagues and clubs to create new revenue streams by offering premium content, subscriptions to bespoke experiences, personalised merchandise and sponsorships. The National Football League (NFL) in the USA has launched a new app that enables fans to watch games in VR, interact with players and coaches, and access exclusive content and rewards. The app also integrates with social media and e-commerce platforms, allowing fans to share their experiences and purchase products.

Smart stadiums

Stadiums and arenas will be updated to support these new consumer dynamics and will make more use of technology such as very high bandwidth mobile cells, IoT and contactless payment/ticket solutions to create intelligent and connected venues that can enhance safety, convenience and enjoyment for fans, staff and players. The stadium of the future will include features such as biometric access, digital ticketing, mobile payments, crowd sentiment analysis and environmental monitoring.

The use of technology in stadiums will enable clubs to increase operational efficiency, customer engagement and satisfaction, and could help them to reduce costs, improve security and offer personalised services. Real Madrid Club de Fútbol has launched a project to transform its historical stadium, the Santiago Bernabèu, into a futuristic digital arena. This pioneering transformation will enable fans to enjoy club-generated content on their mobile phones and tablets (“second screen”). The new stadium will also include an area devoted to e-sports, a 360-degree scoreboard and digital points of sale offering goods sold by electronic and consumer brands.

Advanced streaming

Advanced streaming capabilities such as 4K, 8K, HDR, and 360-degree video will be used in sports broadcasting. This technology, which is available today, can allow interactive and personalised viewing, multi-angle and multi-screen options, and real-time statistics and commentary.

Sports leagues, supported by technology partners, broadcasters and over-the-top (OTT) players can monetise this trend by offering differentiated and value-added content to viewers to stimulate retention, boost subscription and advertising revenue growth, and enhance fan engagement. Partnering with technology vendors, OTT players and broadcasters will help sports leagues to fill the technology and knowledge gap: the English football Premier League has partnered with Amazon to stream 20 matches per season in 4K and HDR quality, with features such as live replays, highlights, and X-Ray (a service that gives users the chance to see statistics and team line-ups while the match is live). The service also allows fans to choose their preferred commentary, camera angle, and sound options.

Immersive training

Technology can also unlock new ways for athletes and coaches to train: virtual and augmented reality can create realistic and engaging experiences and features, like simulated opponents, live feedback systems during training sessions and virtual coaching sessions. Clubs can improve the quality and effectiveness of training, reduce injuries and enhance players’ skillsets and sports leagues can monetise this trend by offering related services to clubs. A recent study from the College of Physical Education and Sports Science of Beijing Normal University concluded that [virtual simulation technology can simulate sports decision-making tasks, measure and analyse athletes’ sports decision-making performance](#) (such as tactical behaviour, technical execution, reaction, and decision-making time), and improve the perception and cognitive ability of players.

Sports organisations will need to establish partnerships with technology experts

To successfully monetise the technological trends we discussed, the fan’s needs and preferences must be prioritised in the sports offer. Leagues and clubs can only succeed if they know what value and experiences the fans want from a sporting event. Otherwise, they may lose value instead of creating it.

- To maximise the enhancement of the sports product itself, clubs and leagues must consider which offers to make to fans and then prioritise the enabling technological solutions. Often, the current experiences offered by the sports leagues show a haphazard technological development that are not clearly perceived by the customer as improvements.
- Currently, sports organisations do not have the necessary deep and specialised technological knowledge. Therefore, selecting the correct technological partner is imperative.

Dynamic consumer preferences, social changes and new technologies are shaking the sports industry value chain: leagues, clubs and technology vendors need to address these trends, adapting and innovating to create new value propositions and revenue models while avoiding disconnection from the fan base. Our recommendation is to focus on the value that the fans are searching for and only then develop a technology roadmap.

Analysys Mason has partnered with several players in the sports industry to navigate the complex and dynamic challenges of revenue optimisation, digital transformation and fan engagement. Our team of experts combine deep industry knowledge, cutting-edge analytics and innovative solutions to deliver tailored and actionable insights that enable our clients to achieve their strategic goals and create sustainable value. For more details, contact Riccardo Siciliani.