



THE DIGITAL TRANSFORMATION IN THE SPORTS INDUSTRY

Taking the Adrenaline Online

By Khadija Hamouchi for DAN

In 2006, when Nintendo had introduced the home video game console Wii within our homes, we all had a quite precocious taste of sports turning virtual. This significant step augured the gradual digitalisation of the sports industry from devices to wearables through smart stadiums and analytics in the past fifteen years. And, ostensibly, with sizable success. According to the research firm MarketsandMarkets, the complete sports technology industry showed a market capitalisation of USD 8.9 billion in 2018 and is expected to reach 31.1 billion by 2024 with the largest segment taken by the not-so-unexpected soccer games and its smart stadiums.

For the many specialists invited to our live event *"Navigating digital transformation in the sports industry: a new ball game!"*, the digital transformation

of this millenary industry is evident. *"COVID19 was a real wake up call for the industry"*, says Mounir Zok, the CEO of Barcelona-based N3xt Sports, a digital data and innovation strategy consultancy firm for international sports clubs, leagues, federations.

Early 2020, the global pandemic had suddenly ordered the closure of gyms, the cancellations of all in-person fan attendance, and other sports gathering; leaving the industry to save itself from imminent death. Now that COVID19 seems to be extending into 2021, the whole sports ecosystem, be them fans, suppliers, sponsors, athletes, broadcasters, clubs, investors, competition organisers, and governing bodies, are all revamping their business models to keep the flow of money, the competitive spirits of athletes, and the adrenaline of faithful fans flowing.

As our South African sports expert Timothy Johnston puts it: ***“Simple TV broadcasting, even if non-stop, could only get the industry so far in an era where part of our lives happen online”.***

This transformation is about increasing all sports events across all digital platforms and hardware technologies, improving audience engagement, and digitising internal operations.

If digitalisation has supported the average sports player track their activities and motivations, most online platforms and technologies abide by one rule: convenience. ***“Why would you on a cold rainy February night go to watch a football game when you have the convenience of a warm home, a small circle of friends, and a warm dinner?”***, gracefully asks Zok. Television broadcasters have managed to provide their audience with extensible watching experience with viewing angles, replaying, and recording; options they would not have while sitting on a stadium chair among a thousand fans. Moreover, online broadcasting has enabled sports organisations to leverage their vast pool of fans, composed of millions of enthusiasts; an opportunity they did not have with the limited number of seats available in stadiums.

For smaller audiences and sports players like yoga or spinning, convenience was undeniably an ingredient for success. ***“Online classes for Yoga practitioners allowed instructors to keep their user base engaged and gain new markets”***, says Kamel Semakieh, CEO of Canada-based IN2, a cloud-based services platform for sports and fitness facilities and enthusiasts. And with the success comes a juicy price tag. Lululemon, the famous athletic apparel retailer acquired Mirror, a home fitness startup for a whopping USD 500 million.

Out of sight, out of mind. The world of sports knows the adage too well. The digital world has become a crowded place in which all online business vie for people’s attention. Keeping the audience engaged during and outside sports events has become a cornerstone for customer retention and long term sustainability. Long gone are the days where the industry could only rely on ticketing, commercials, and merchandising to keep balance sheets in the greens. If many sports stadiums and leagues have gathered millions of fans on their Youtube, Facebook, and other social media accounts, many do not know who their fanbase is.

Today, they are offered a double opportunity: understand their fan base through data-based personalisation of format offers such as snackable content on consumers’ phones. The American National

Basketball Association has pioneered this trend by displaying live stories on Instagram and other sponsored on-demand and VR content on Snapchat. On average, this new trend has seen an increase of engagement by 20% within an hour of any screen display, particularly reaching out to Generation Z, whose attention span has decreased with years of exposure to social media.

“The key is to gather as much data as you can: from the fan base to the players’ next moves to predicting winners”, notes Johnston. Sports Businesses can also use data to reach clients later and continue to promote coming events” adds Eva Aouad Turk, steering committee member of DAN in Lebanon and the veteran founding partner of Sport Evasion, a Beirut-based sports event management company for Lebanon and the Middle East at large. Understandably, data privacy and security is at stake here. Still, Semakieh remains reassuring: ***“With data, we will always have more performance and its collecting, creation, and distribution needs ethical regulations in the industry.”***

To cease all these opportunities, industry actors had to come to terms with their own internal digitalisation. Zok insists, ***“We need to digitise strategy, not only projects”***. The industry still relies on personal and paper tools to lead its operations. Today, sports clubs, leagues, federations are discovering the magnificent world of software, long associated with the world of hippie startups. Tools for project management, communication tools, customer onboarding, learning storage, and business intelligence will need to move from paper or phone lines to commonly shared cloud-based (or else) software. ***“Automation is key so that coaches, players, and managers focus on what they excel at, rather than the whole day-to-day operations”***, adds Semakieh.

The digitalisation of sports seems to impact more than just management silos, and it has managed to shift cultures, namely in the Middle East. While outdoor sports was never part of the culture in a country like Egypt, the pandemic has pushed several sports addicts to the streets to the point where sports wearables and equipment were sold out in the very few weeks of the confinement. All subject to importation confined Egyptians had to wait patiently for new arrivals. ***“The mentalities have shifted among younger and older generations using mobile applications for cycling and running today. Cars, notoriously driving carelessly, have started to adapt their speed for the safety of runners and bikers”***, says Sherif Kottob, a sports coach from Egypt.

The digital revolution has taken a whole new level across the Middle East, and some countries like Sau-

di Arabia or the United Arab Emirates have outdone themselves. Qatar's smart World Cup stadiums provide an end-to-end digital experience: high-speed broadband network connections, rich content displays, interactive technologies and more to create an unforgettable moment for them. Besides logistical and operational technologies for ticketing, parking, and payments, other smart technologies have been deployed to ensure the venue's safety, security, and integrity on events day.

It seems like the industry across continents will have to follow the wave or die out. "Yet, awareness and education are still needed in the industry" admits Zok, before adding: ***"The more sports clubs delay their digitalisation, the less they will be able to capture value on the long term."*** Even if, with the rise of the long-awaited COVID19 vaccines, we are seemingly on our way to beat the pandemic, fans will need to feel safe about returning to stadiums and other sports events gatherings. ***"Investments are not lost because the digital transformation is not only caused by the pandemic, but also by lifestyle changes of people who prefer to exercise at home"***, says Kotob. It seems that hybrid models of online and offline will coexist together and in the infinite world of technologies, we are "still only scratching the surface of possibilities" adds Semakieh.

