



## SPORTS AND NFTS

# The New Collectibles

Are NFTs poised to revolutionize sports fandom?

Since the early days of NFTs, the sports industry has been pushing the technology forward. Early projects like NBA Top Shot did a lot to establish the tech's credibility among early adopters. And stars including Tom Brady and LeBron James have played a pivotal role in raising interest among the media and general public.

But it hasn't all been smooth sailing. Some critics on social media have been vocal in their dislike for the way in which sports and NFTs have become so entwined—and the recent “crypto winter” has hurt the value of many NFT collections.

While there's still a great deal of uncertainty surrounding the future of NFTs in sports, it's undeniable that the technology has the potential to profoundly reshape the relationship between players, leagues, and their fans.

So, NRG set out to understand how sports fans around the world really feel about NFTs—and what that means for the future of this nascent industry.

NFTs—or Non-Fungible Tokens—are a form of blockchain technology which allows users to establish permanent ownership of virtual assets. The rise of NFT technology has contributed to the growth of a large and diverse market for digital art pieces and collectibles. For more on NFTs and their impact, download NRG's recent report: [“MOONSHOT: How consumers feel about Web3”](#).



## In many ways, NFTs and sports fans are a natural fit for each other

The past few months have not been kind to the NFT market, as the value of many popular collections has plummeted as part of a wider sell-off of crypto-related assets. That has naturally raised questions about the long-term future of this still young technology: is it just a speculative bubble, or will it live up to the promises made by Web3 evangelists?

When it comes to sports NFTs in particular, however, there is reason to be optimistic about the future of the market and the potential of the technology. Relative to other consumers, **sports fans are both better informed about NFTs and are more likely to have a positive opinion towards NFT marketplaces and collections.**

Across the US, UK, Japan and Brazil, 58% of sports fans feel that they have at least some understanding of NFTs—compared to just 49% of all consumers. Among fans who were aware of the technology, 51% were able to identify the correct definition of “NFTs” when prompted; and over half (54%) believe that, to date, NFTs have had a net positive impact on the sports they follow.



In part, the high levels of awareness of and interest in NFTs among sports fans reflects the fact that this audience has simply had more time to get used to the technology than most.

Some of the earliest high-profile NFT projects—such as NBA Top Shot—were sports-related, and these early collections did a lot to raise the profile of NFTs among invested sports fans and set expectations about what an NFT collection ought to look like.

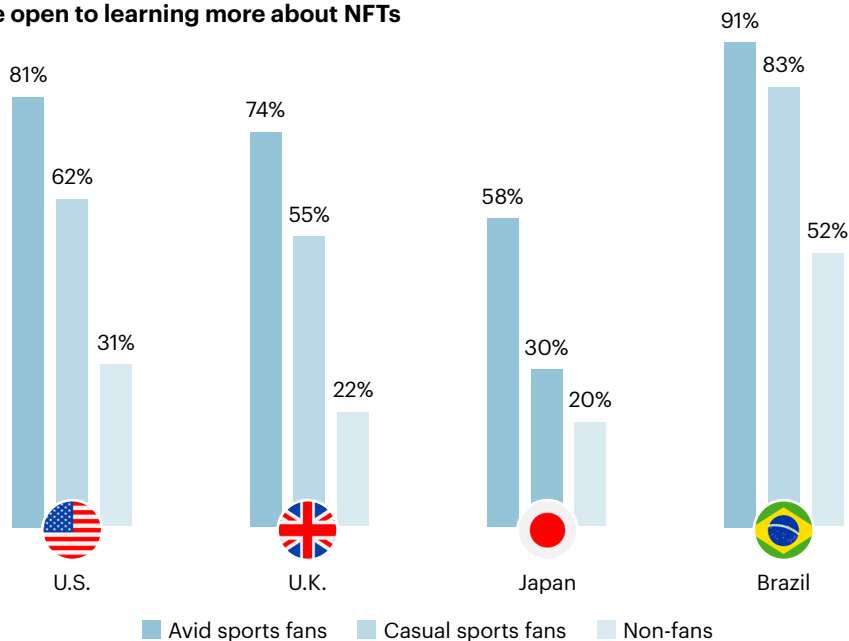
Additionally, many sports fans see NFTs as a way of injecting a new sense of innovation into the sports they follow and the communities that surround them. **64% of fans believe that leagues, teams, and players are likely to benefit from money brought into sports by NFT markets.**

On a more fundamental level, however, sports fans are open to the idea of NFTs because of the industry’s long history of physical memorabilia and collectibles. From trading cards to jerseys to signed balls, devoted fans have long understood the idea that rare or limited-edition items—especially those that have been endorsed or verified in some way by a player, team or franchise—can be sources of both sentimental and financial value. For many fans, NFTs are simply the 21st century iteration of something they’ve been doing, in one form or another, since they were children collecting stickers and ticket stubs.

Since the onset of the pandemic, the wider market for sports memorabilia (and trading cards in particular) has exploded in value. And this has undoubtedly had a knock-on effect when it comes to digital collectibles. As more and more fans are swept into the hobby, many are already finding themselves priced out of desirable physical pieces—so NFTs could represent an opportunity for these newer collectors to get in on the ground floor of a new market and start building long-term value in their collections.

**64%**  
of fans are open to the idea of learning more about NFTs and would consider purchasing one in the future.

Percentage of consumers who are open to learning more about NFTs



Previous research conducted by NRG has suggested that the majority of NFT buyers see their collections purely as an investment opportunity; an asset to flip as soon as the value ticks up enough. And while plenty of sports fans who buy NFTs are also motivated by a desire to make money, almost as many are more interested in the collectability than the potential ROI. In fact, a big part of the appeal of NFTs for sports fans is that they provide them with a way to make money that is also an extension of their passions and interests.

So, there's reason to believe that the emotional value of NFT collections to sports fans will help the market survive financial downturns. And the more that teams and franchises can lean into the natural inclination towards memorabilia among their fans, the more likely it is that NFTs will continue to have an impact on the world of sports.

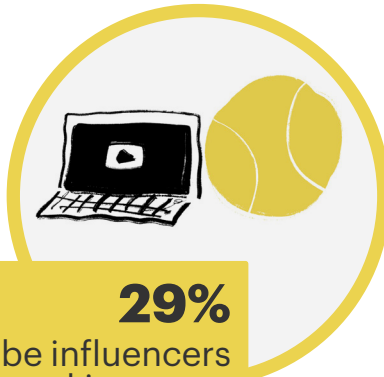


How have sports fans heard about NFTs?

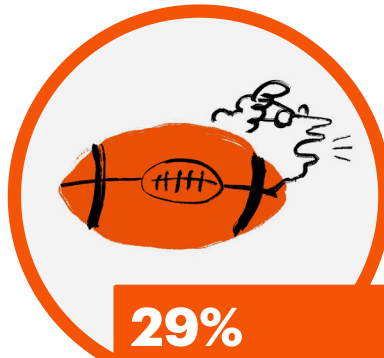
**46%**  
Social media



**37%**  
Online news sources



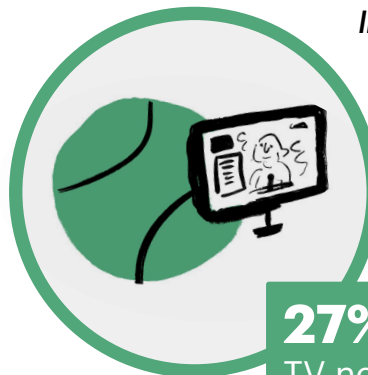
**29%**  
YouTube influencers and investors



**29%**  
Through friends

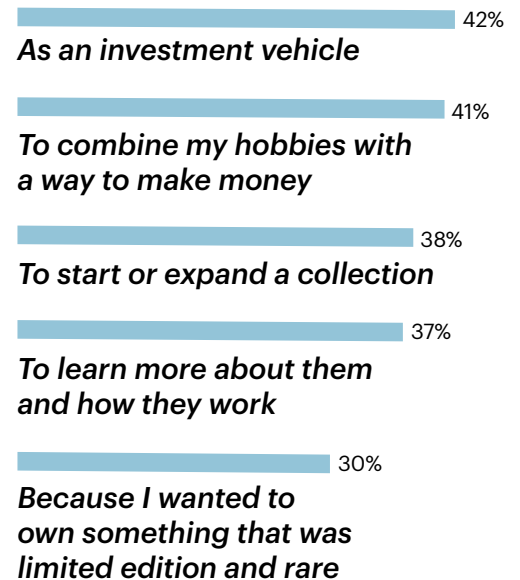


**28%**  
Investor websites and forums



**27%**  
TV news

**Q: Why have sports fans chosen to purchase an NFT?**

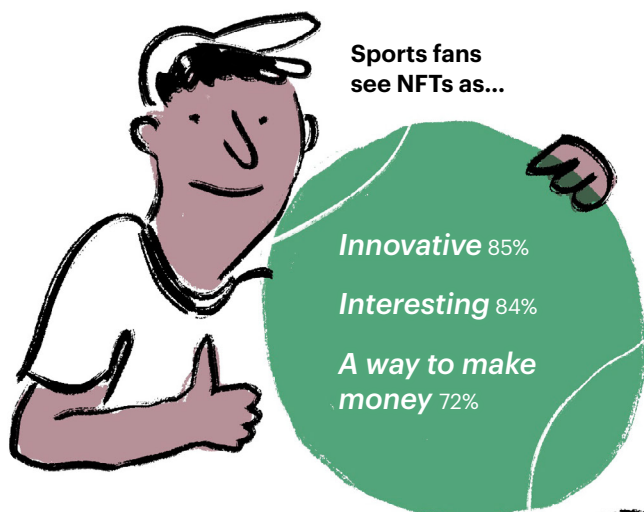


## Sports franchises will need to address the trust barrier around NFTs to unlock the full potential of this new market

However, while sports fans may have a broadly positive attitude towards NFTs, that doesn't mean that the majority are ready to take the plunge and start a collection. Like any new technology, it will take time to build trust among consumers who aren't natural early-adopters.

The "trust gap" around NFTs has no doubt been accentuated by the sheer volume of news stories about buyers getting scammed or seeing the value of their collection plummet overnight. Among sports fans, NFTs have developed a reputation as a novel and potentially highly profitable investment vehicle—but also one that can be highly volatile and carries an outsized amount of risk.

**Q: Why have sports fans chosen not to purchase an NFT?**



...however, they also think NFTs are...



**I'm afraid of losing money**  
30%

**I don't know enough about how the technology works**  
28%

**I'm afraid of getting scammed** 27%

**I don't know where to get started** 26%

**NFTs are too expensive** 19%

As a result, **only 15% of sports fans have complete trust in NFT marketplaces**—while 30% say they have little or no trust in these sites. This problem is particularly acute in Japan, where 4 in 10 consumers have low trust in NFT marketplaces.

For many sports fans, it's this lack of trust—combined with a general lack of understanding of the technology—that is the primary factor holding them back from starting an NFT collection. There are plenty of fans out there who can see the value proposition, but aren't willing to take the risk of losing money by wading into a market they don't yet fully understand.

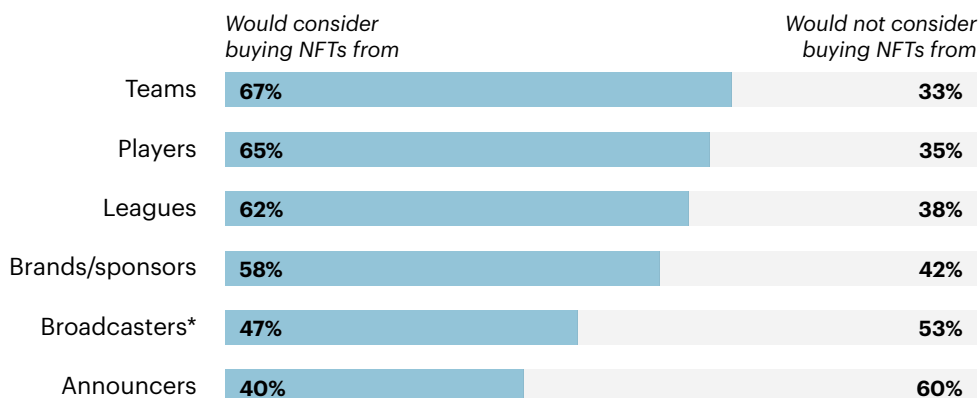




To an extent, this problem of trust will resolve itself as fans come to better understand the dynamics of NFT markets and how the underlying technology works. Prominent endorsements from high-profile teams and players will go a long way towards normalizing NFTs in sports and quelling these lingering fears—as these are the groups that fans are, on the whole, most open to buying NFTs from.

But more than any other factor, consumer trust in NFTs could be improved by better regulations on NFT markets and improved consumer protections. Currently, the NFT market (and, indeed, the broader Web3 and crypto ecosystem) has a reputation as a largely unregulated “Wild West”—the kind of environment where consumers can easily get in over their heads or fall prey to scammers.

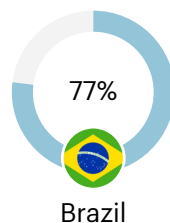
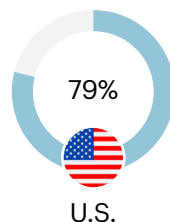
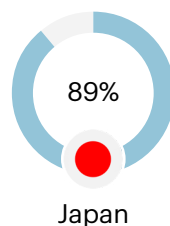
### Who do sports fans trust when it comes to buying NFTs?



\*Channels/streaming services



### Global support among sports fans for stricter regulations on NFTs



# 84%

believe there should be **more regulations around the buying and selling of NFTs** than there are today.

Among sports fans, there is overwhelming support for governments and regulators to take a more hands-on approach to this emerging market. In particular, fans think that there should be stricter restrictions in place to ensure that NFTs can only be purchased by consumers who are over the age of 18 and who fully understand the risks involved—and they also want regulators to set up better consumer protections to insulate buyers from scams and create a floor for potential losses.

Although the inherently de-regulated nature of blockchain technology may have been a big draw for early adopters of crypto and NFTs, the evidence suggests that it will be a liability, not an asset when it comes to gaining mainstream consumer adoption. But while the underlying technology may be hard to regulate, governments can introduce stricter regulatory regimes or licensing systems for NFT marketplaces—and indeed, there are already signs that states around the world are considering doing so. The sports community ought to embrace, rather than fight against, these potential regulatory changes, as they could go a long way towards changing the reputation of NFTs and drawing new buyers into the market.

### What sports have the most potential for NFTs?

In the US, interest in sports-related NFTs is particularly high among men under the age of 35—and especially those who follow one or more of the following leagues:





## To ensure lasting success for their NFT collections, vendors need to offer sports fans something they can't get through physical media

Building trust in NFT marketplaces is a vital prerequisite for the mainstreaming of NFTs within sports fandom—but, on its own, it's only a first step. To make the case for NFTs, the teams, players, and franchises selling them are going to have to demonstrate to fans the full spectrum of possibilities opened up by this new technology.

To be truly successful, NFT collections will need to replicate the scarcity and uniqueness of physical collectibles; **65% of fans agree that NFTs will only be valuable if they are truly unique.** However, they'll also need to do more than that.

While it's true that the long history of sports memorabilia makes fans primed to see the value proposition of NFTs, it also means that any new NFT collection is going to have to compete not only against other NFTs, but also against the entirety of the existing collectibles market.

So, to carve out a distinct niche for NFTs alongside existing collectible markets, the organizations minting and selling those NFTs are going to have to prove to consumers that they can provide unique benefits that can't be replicated through physical media.

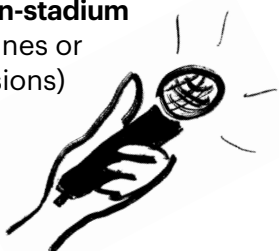
### What additional NFT benefits would fans be most excited about?

- |   |   |
|---|---|
| <p><b>1</b> Allows me to <b>meet or interact</b> with a current player</p>                                | <p><b>4</b> Allows me to <b>meet or interact</b> with a former player</p>                       |
| <p><b>2</b> Allows me to <b>sit in an exclusive area</b></p>  | <p><b>5</b> Gives me the ability to <b>rewatch a game</b> I attended and relive key moments</p> |
| <p><b>3</b> Gives me <b>access to in-stadium perks</b> (e.g. shorter lines or discounted concessions)</p> |   |



**67%**

of sports fans say they still **prefer to own physical pieces of memorabilia** over their digital equivalents.



In practice, this will mean investing in NFTs that can provide their owners with some sort of unique social or experiential benefit—instead of just sitting inside a digital wallet. **59% of fans agree that the true value of NFTs will be in the experiences they provide.**

For example, NFTs could act as redeemable tokens that could be “cashed in” for unique experiences: meeting the team after a game, for example, or getting a personalized video message from a favorite player.

Alternatively, they could function as reusable passes, giving their owners access to in-stadium VIP packages, early booking for games, discounted concessions, or other ongoing benefits. In either case, there needs to be a sense that owning an NFT provides access to an elite level of fandom—allowing buyers to deepen and strengthen the relationship they have with the teams and players that they care about.

In the long-run, NFTs could prove to be a powerful link between the physical and digital dimensions of the fan experience.

We may start to see more vendors experiment with product bundles that include a traditional piece of memorabilia alongside an NFT—for example, a pack of trading cards that includes a redeemable link for an NFT card. These sorts of physical/digital bundles could give curious fans an on-ramp for building their virtual collections, allowing them to experiment with NFTs without straying too far from the experiences they're already familiar with.

Similarly, NFTs could allow fans to extend the physical experience of watching a game into the digital dimension. **46% of fans say that they would be more likely to attend live sporting events if doing so rewarded them with a commemorative NFT**—for example, if their ticket turned into a digital collectible after the game.



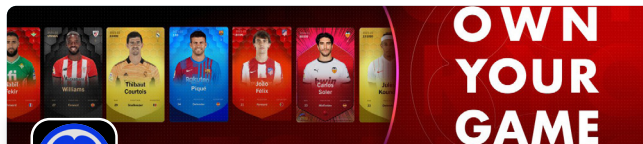
## Five examples of innovative NFTs...

### Autograph



#### Autograph

An NFT platform co-founded by Tom Brady, where athletes can sell their own NFTs directly to fans.



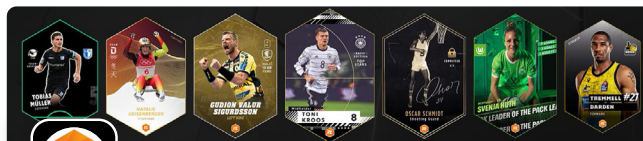
#### Sorare

A platform that combines NFTs and fantasy sports leagues. Players can collect and trade NFTs of different players, and earn points over the course of a season based on how their "team" performs.



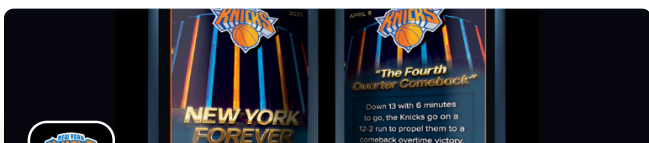
#### Nike CryptoKicks

Virtual sneakers that can be customized with collectible skins—allowing buyers to take their fandom with them into the metaverse.



#### Fanzone Sports Club

Club where users can buy tiered virtual passes that provide early access to NFT drops as well as real-world benefits such as free tickets to games and members-only community meetups.



#### New York Forever

Limited run of commemorative digital tickets from the New York Knicks, celebrating the team's biggest home wins from the 2020-21 season.

## ...and five ideas for the future.

Videos of matches accompanied by **behind-the-scenes footage and commentary tracks from specific players**; with a redeemable element that allows holders of the NFT to meet those players either in person or virtually.

Marketplaces for "user-generated" NFTs, where blanket licensing deals allow artists to freely create and sell their own NFTs, with featured franchises, teams and players automatically receiving a share of the profits.

Digital versions of physical items of clothing like hats, scarves and jerseys, sold together as a bundle—allowing you to **dress yourself and your avatar in the metaverse the same way**.

An NFT that allows fans to **relive important moments from a team's history in virtual reality**—sold alongside limited-edition VR headsets branded with the team's colors.

NFTs that can be inserted into video games, allowing players to **unlock new teams or characters, or even recreate specific plays from history**.



## AN INSIDER'S PERSPECTIVE

It's impossible to say how quickly and to what extent the NFT market will recover from its current slump. And I certainly wouldn't be surprised if this "crypto winter" saps away some of the energy and excitement around blockchain technology within the sports community. However, when it comes to the long-term outlook, I'm optimistic that NFTs are going to have a significant impact on the way that fans around the world engage with their favorite leagues, players and teams.

Why? Because, at its heart, sports memorabilia has always been about identity. For fans, the value of a collectible—be it a trading card they've had since they were a kid, a ticket from a historic game they were lucky enough to attend, or a ball signed by their favorite player—is about more than just the object itself, or even the memories attached to it. No; what really matters to people is the way that these items come together to tell a story about their identity—a story about who they are, where they've been, and what they value.

As our world is reshaped by the metaverse, Web3, and other technological revolutions, sports fans need to figure out how they can carry that sense of identity with them into the virtual worlds that consume so much of their time. To me, this is where NFTs have the potential to be a true game-changer (pun intended) for the world of sports. And over time, I expect that they will have a vital role to play in helping fans across the world craft their digital identities.

**So, with that in mind, here are my 5 predictions for the future of NFTs in sports:**

- 1** While teams and franchises will continue to use NFTs as a key driver of fan engagement, they'll also start to make more use of the underlying blockchain technology to make the ticketing process more dynamic and secure, while creating a better, more customized in-arena experience for fans.
- 2** In the long-run, the markets for physical and digital collectibles won't be in direct competition with each other. Instead, they will be deeply connected and intertwined. Buyers will be able to move smoothly between the two mediums, and sellers will package physical pieces of memorabilia with NFTs—allowing collectors to display their fandom proudly both online and in the real world.
- 3** Ultimately, the long-term value of individual NFTs will be driven by their utility more than their aesthetics. Fans will gravitate towards NFT collections that can act as gateways to unique experiences either in the real-world, in online metaverse platforms, or in their favorite video games.
- 4** We'll see continued experimentation with the "fan ownership" model pioneered by start-ups like Socios, where fans are provided with NFTs or coins that grant them fractional ownership rights. Fans will be able to use their digital collections to share in the revenue generated by their favorite teams and even take part in the decision-making process.
- 5** Leagues, teams and brands will become more strategic in their approach to using NFTs. Instead of just jumping on the NFT bandwagon, they'll employ a much more targeted and strategic approach, using the technology to drive measurable increases in fan engagement and important KPIs.

While the teams and players that got into NFTs early on may have a first-mover advantage, there's still a lot to play for—and plenty of room for disruption. Much like the content wars, success in the NFT arena is going to depend on quality, uniqueness and, above all, creativity.



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### METHODOLOGY

Data and insights in this study come from a survey of 3,250 sports fans across the US, UK, Japan and Brazil, as well as findings from focus groups and discussion boards of sports fans conducted across those markets.

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