1

Great Expectations

The Football Issue.

e3 LSU

"The world is changing. If you don't change with it, you'll be left behind."

Robbie Lyle,
Founder, ArsenalFanTV

Contents

Foreword

Welcome to the first in a series of exclusive research reports exploring industries where the gap between consumer expectations and what they're traditionally served is widening.

In this report, we reveal the gap faced by football fans and players, the rise of innovators and new technologies to bridge that gap, and what this means for brands who partner (or would like to partner) with the beautiful game.

Opportunities for brands are opening up to partner with the disrupters and innovators. Now is the time to take the leap.

Jon Reay,
Head of Strategy, e3

Matt Boffey,
MD, LSU

Introduction: The Football Issue

Why football?

Football is live, social and global. It's unscripted drama, with a passionately loyal fanbase. Football teams are 'love brands' that don't need to advertise. Yet football is rife with outmoded views, traditional media holding onto old models and gender segregation that hasn't moved with society.

Some people in the industry believe that adding logos to kit, like the recent introduction of sleeve sponsors in the Premier League, is an example of innovation in brand partnerships.

Fan and player expectations have shifted, but on the whole the industry hasn't.

Organisations that are embracing this shift are quickly gaining an audience and deeper engagement, and the commercial rewards are starting to follow.

Traditional media, sponsorship and sportswear brands may still be holding on for now, but for how long? Is football about to experience its Napster moment?

1st Half

A report of two halves

In this exclusive report on the industry, we reveal the expectations gap for both fans and players. For each we cover the changes that are happening, who's already disrupting football, and what new opportunities this opens up for brands.

Expectations gap for fans

And it's live!

The fan experience

Football used to centre around the Saturday afternoon match – listening on the radio, watching on subscription TV if you could afford it, going to the pub maybe, or watching it live in the stands. Newspapers provided the pre-match build up, and the post-match analysis. Fans got their fix. The media got theirs. As did the club and their sponsors.

Digital has changed everything.

Media is no longer the stronghold of the few. Football is on tap all week long. It's live, reactive and interactive from a multitude of channels.

Fans anywhere in the world can choose how and when they follow football in so many more ways, they're choosing to move away from traditional media in their millions.

Gaming, women's football and other formats of the game are widening its appeal too, and its dominance in our lives.

Digital is the primary platform for fan engagement, and where the best opportunities lie for brands to partner with football.

In this report we highlight a number of examples of innovators who are bridging the expectations gap, including media, clubs, brands and tech startups.

e3 and our sister agency LSU can help your brand make a meaningful connection with football, whatever your sector or current relationship with the game.

Football is growing, as are fan expectations. Don't get left on the bench.

Democratisation of media

Until recently, traditional media has benefited from a monopoly on both creation and distribution.

Technology is now enabling more access to a wide spectrum of publishers, including clubs, brands and fan channels, to create and distribute content and experiences.

It's enabling more access to fans outside of traditional media channels.

Football media is no longer restricted to traditional broadcasters and newspaper brands. In fact, some digital fan platforms have a reach far exceeding them. *Ball Street Network* has an aggregated social reach of over **50m** vs around **5m** Sky Sports subscribers.

BROADCASTERS FACE EVER STEEPER COSTS, COMPARED TO THE PREVIOUS THREE YEARS THE 2017-20 DEAL COST AN EXTRA

71%

Ball street Network

- **150** YouTube fan channels, Twitter, Facebook, Snapchat and Instagram accounts for football creators, including *Redmen TV* and *ArsenalFanTV*
- Collective reach of over **50m**
- Activates with partners such as Ladbrokes, Vauxhall and BetVictor across its network

"Much of football is behind a veneer. Fans have less time and more choices than ever. Traditional broadcast media just doesn't appeal so much now."

Matt Wilson, CEO Ball Street

Football clubs have also developed more direct channels with fans, by-passing traditional media. Manchester City's Tunnel Cam pioneered the use of new live video content outside of the game and exclusively on their own channels. Some clubs are even looking to buy out of league-level rights deals completely so they can own the direct relationship with fans end to end. In our fan survey, **63%** said they follow their club's official website, app or social media channels at least weekly.

The English Football League launched a live streaming platform, *iFollow*, for overseas fans from the start of the 2017/18 season. Some of the biggest digital players are going after sports rights too.

Sports rights deals in digital media

- Facebook - UEFA Champions League games (US), Major League Soccer
- Amazon – ATP World Tour, NFL
- Twitter – Premier League highlights, Wimbledon, NLL
- YouTube – Champions League final (UK)
- Dugout – Scottish Football League
- Snapchat – F1 highlights

Facebook Watch, soon to be rolled out globally, is a destination for episodic content you subscribe to much like YouTube. Facebook has been slowly snapping up rights in anticipation of exploiting this new 'surface' for its **2 billion** monthly active users.

says...

With the proliferation of football publishers, partnerships are more plentiful and accessible, but a less straightforward choice to make.

Fan consumption is shifting

Fans are driving new ways to follow football

Fans want more, and will pay less for their football fix. In the 2017 National Supporters Survey run by the Football Supporters' Federation, **39%** of fans admitted illegal streaming in the last year.

The majority of fans (**56%** according to Mintel in 2017) agree that watching all the sports they're interested in is too expensive. In our fan survey, the cost of accessing live games was cited as the greatest frustration with coverage.

Football may still be the most watched live sport on TV (Mintel, 2017), but increasingly fans want it their way and in their time. People have less time but more choices than ever.

There are new ways to consume football, and young people in particular, have become disconnected from a lot of traditional media. It's just not appealing to them. It's considered an outdated format, too expensive and fake by many fans. Average viewing on Sky's live TV channels fell **14%** over the 2016/17 season.

58%

OF FANS UNDER 30 ADMIT TO ILLEGAL STREAMING OF GAMES

“People want bitesize pockets of entertainment”

Shane Stafford,
Head of Brand, BetVictor

“A lot of young people find that they can relate more to someone speaking very honestly with them, even if the angle is funny, the pitch is not very good and the person is not famous.”

Matt Wilson,
CEO Ball Street

“We don’t believe that a diet solely of old media can any longer satisfy the appetite of a modern football fan.”

James Kirkham,
Head of Copa90

LIT

Saturdays are Lit

- Copa90 Snapchat show
- **49m** views globally across 36 episodes during the 2016-17 season

Whilst younger fans in our survey (aged 30 and under) still follow football in traditional media at similar levels to older fans, they supplement this with an even higher consumption of new, unofficial channels. They are more than twice as likely to follow such channels at least daily than over 30s are.

Copa90's Comments Below

"Primarily I read fan sites because they're not policed."

Arsenal fan

Fan channels have risen as a result of the democratisation of creating and distributing content and the expectations gap experienced with traditional media. Fan channels such as Redman TV, ArsenalFanTV, Spencer FC and Copa90 are more real, edgy and opinionated, and they resonate with fans. They're more accessible than the glossy feel of TV and fans feel like they're part of them. Copa90's Comments Below, for example, is an entirely fan driven show.

ArsenalFanTV

- **20m** monthly views on YouTube
- Average video has over **1,000** comments
- Aggregated reach on all social channels of well over **1m**

"Traditional media didn't give fans a voice at all, so we wanted to give them that voice."

Matt Wilson, CEO Ball Street

ArsenalFanTV may have started as a YouTube channel but it is now multi-platform across a range of social networks. Rather than simply being a content publisher, ArsenalFanTV is more of a community. Founder Robbie Lyle says "every video we put out is like a forum, attracting an average of more than **1,000** comments".

The channel or platform is less important than the content itself or the brand or personalities behind it. "The way people consume content isn't about a platform" says Gareth Capon, CEO of video tech company Grabyo.

Some football players have also developed a significant social following, outgrowing the clubs they play for in reach and engagement with fans.

says...

Partner with publishers who have developed an engaged audience, and help to fuel the content and experiences that fans want.

Gaming enters the premier league

FIFA has become an essential complement to the weekly match for many fans and has been an entry point for new fans, particularly in the US and Asia.

34% OF AMERICAN SOCCER FANS WERE ATTRACTED TO THE GAME THROUGH FIFA

There is great value in being featured prominently in FIFA and their marketing materials, with player and club profiles benefiting; “people recognise you from the FIFA game,” said Brighton & Hove CEO at Soccerex’s Global Convention this year.

Playing video games has given rise to a new form of entertainment – eSports, where gamers play competitively, is watched in person or online by vast audiences of spectators. It is enjoyed by **400m** people worldwide and expected to grow **50%** by 2020.

Twitch

- Leading hub for eSports
- **1m** broadcasters share games live every month
- **100m** active monthly viewers

Whilst the largest eSports interest is in games outside of football (League of Legends has 70% of the market), FIFA eSports is rapidly growing. And with a number of football clubs now fielding players, an eSports league on a par with real life football is just around the corner. NFL already have an eSports league for example, that now features official involvement from all 32 NFL teams. Sponsors are getting involved too, with AirAsia competing in major eSports competitions.

Fans are getting their chance to participate as well. Leading football YouTuber *Spencer FC* ran a 'Game Academy' to select an eSports player.

Some clubs are outgrowing the traditional football leagues that they're a part of, which opens up more opportunities for new forms of the game and for brands to play their part.

FIFA continues to explore the world of eSports and FIFA 18 will continue to make inroads into that space, with higher participation and growing interest expected.

eSports is a way for brands to connect with younger audiences. It's the future of how the next generation are consuming sport and entertainment. It will fill out stadiums, some believe.

eSports is already a medal sport at the 2022 Asian Games and has been considered for the Paris 2024 Olympics.

says...

If you're looking to connect with Gen Z, eSports is an open door.

Women's football scores growing interest

Interest in women's football has been rising, with brands sponsoring it independently from the men's game for the first time. SSE sponsor the Women's FA Cup and Avon sponsor Liverpool FC.

There were over **35,000** spectators at Wembley for the SSE Women's FA Cup final this year and a **50,000** attendance target is set for 2018.

FIFA, UEFA and The FA have all made commitments to significantly grow participation and audience for women's football. More girls playing football at a young age is critical to lead to more eyeballs, media interest and investment. It has to start with participation, something that SSE endorses, who partner with women's football at all levels.

Female-oriented brand associations perpetuate that women's football is just for women. Lucozade is currently sponsoring men's football and rugby, but is considering partnerships in women's football. "Winning and elite is not relevant to mass society anymore", said Claire Higgins from Lucozade Sport at Soccerex's Global Convention this year.

Women's players are often more accessible than men's and the rights are less restricted. More women's games are streamed live on Facebook for example. This relative freedom opens up significant opportunities for brands.

SSE partnership in women's football

- Sponsors SSE Women's FA Cup, SSE Scottish Women's Cup, English & Scottish national team and grassroots participation
- Partnership ties into the SSE rewards programme, internal culture and hiring
- Adds positive sentiment to brand, and acquisition and retention of customers

"I want to see that women's football is seen as normal, no special conversations about men's and women's sport."

Oonagh O'Reilly,
Sales & Marketing Director, Irish FA

BetVictor Legend v Legend

The sidelines of football

Freestyle and street soccer are gaining more and more interest. Street soccer has been featured in special versions of FIFA too.

Freestyle football opens up the game to the world. World Freestyle Football Association is working with 106 countries to promote freestyle as a lifestyle. As Daniel Wood, CEO says, “all you need is a ball”. They attract **60m** views of freestyle videos every month.

The top three freestyle based channels have a collective **9.6m** subscribers on YouTube. The top 3 football clubs have combined reach of **3.8m**.

Fun, new forms of football such as footdarts and footgolf provide great entertainment and attract significant audiences on social channels.

A lot of casual fans who wouldn’t go to dedicated football destinations such as clubs and broadcasters consume content related to football on the likes of SportBible and YouTube.

Will Pyne from digital publisher Brave Bison said at Soccerex’s Global Convention this year that “clubs can’t credibly talk about gaming, music, style and fashion but creators can”, referring to fan channels centred around personalities that represent interests and authority outside of just football.

says...

Football has the power to attract broad and diverse audiences. A partnership with football can give you the stage to engage.

Fan engagement through digital

Digital is the accelerator of fan engagement and where the best opportunities for brands to invest and activate lies.

Many examples of partnerships today are around content, principally video. Partnerships can support the creation of new content or exploit existing content.

PARTNERSHIP CASE STUDY

Ladbrokes / Ball Street Network

- Sponsorship across the network, season long commitment
- Access to fans via genuine fans
- Not interruptive and helps fuel the content

Not many brands are engaging on Snapchat yet, but it appeals to fans who want bitesize pockets of entertainment. It's still early to see the real commercial impact of the platform.

Data enables brands to increasingly target specific groups or profiles of fans, including the use of behavioural data to retarget or personalise experiences. This allows for much more efficient and effective spend than say a shirt sponsorship that is principally a mass, global play.

Some partnerships go beyond badging to be more integrated into digital experiences. For example, IBM's Slamtracker in tennis and TryTracker in rugby use intelligent data modelling by the brand to deliver a new layer to the fan experience, and provoke discussion in traditional and social media.

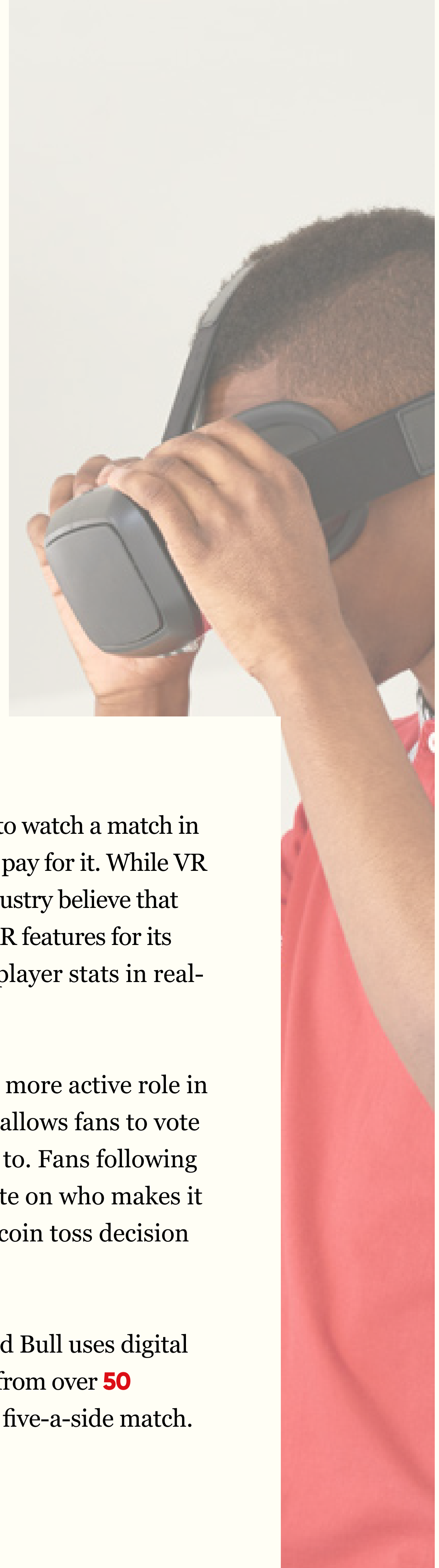
Many fan channels go further too, not just supporting content but providing an environment for fan communities to gather, discuss and engage.

Some publishers are also beginning to explore more immersive and interactive experiences such as Virtual Reality (VR) and Augmented Reality (AR).

BT Sport began to trial VR in EE stores across London during a Chelsea v Arsenal match. Eurosport launched a new VR app, Eurosport VR, which features daily highlights of its best matches, including 'Shots of the Day' and exclusive behind-the-scenes footage. *LiveLike*, a live streaming VR platform, is enabling broadcasters, clubs and brands to create new experiences for fans.

LiveLike VR

- Fox Sports partnered with *LiveLike* to bring the MLS Championship Game in VR, sponsored by Audi
- Also teamed up with Manchester City to launch CityVR Oculus app



In our fan survey, **73%** said they were willing to watch a match in VR but only **22%** said they would be happy to pay for it. While VR may have a limited audience, many in the industry believe that AR has more potential. Apple unveiled new AR features for its iPhone devices in September 2017, showing player stats in real-time when you point at live action.

Digital is now giving fans a chance to play a more active role in the sports they love. Formula E's FanBoost allows fans to vote for the driver they want to give extra power to. Fans following The Wembley Cup YouTube series get to vote on who makes it to the final and some football clubs put the coin toss decision out to their fans to decide.

Neymar Jr's Five global tournament with Red Bull uses digital to attract and manage over **100,000** players from over **50** countries to battle for a place in a world final five-a-side match.

PARTNERSHIP CASE STUDY

EE / The Wembley Cup

- **YouTube stars and international football legends compete at Wembley Stadium**
- **Fans get to vote on who makes it to the final**
- **Supported by a YouTube series attracting over 700k views for each episode**
- **Now in 3rd year of the competition**

Goal.com's Transfer Predictor, in partnership with adidas, creates sustained engagement with fans reaching over **15m**, with registered users spending an average of 15 minutes a day during the transfer window.

FC Barcelona's Innovation Hub is leading the way in developing use of digital technology across the game, including new ways for brands to activate their investments. It provides an opportunity for the club to work with third parties and on initiatives that aren't always delivering short term commercial outcomes. It's about looking at the next 2-5 years rather than the current season.

> **"The Innovation Hub gives digital department a framework for innovation."**
>
> *Russell Stopford,*
> *Director of Digital for FC Barcelona*

says...

Innovative digital experiences for fans will attract the audience, engagement, loyalty and advocacy brands can only dream of achieving outside of football.

Brand partnerships today

The market today

Shirt sponsorship deals for Premier League clubs reached a combined **£282m** for the 2017-18 season, a rise of **24%** on last year and close to trebling in seven years.

The sectors, markets and brands involved in Premier League sponsorship have changed – they're more global (only 20% of shirt sponsors are UK companies) and 45% of shirt sponsors are gambling brands. Outside of the main sponsor many clubs are also securing local brands for each market.

Whilst bookies enjoy Premier League and other football endorsements, they are being shunned by the governing body of English football, The FA who announced they were cutting ties with Ladbrokes in 2017.

In our fan survey, **55%** said they never talk about their club's main sponsor.

+20%

SHIRT SPONSORSHIP DEALS SINCE 2010

Priced out at the top, but not kicked out of the game

It can be too expensive or hard to justify value for most brands to invest at the top end of football.

However, there are plenty of new opportunities below this, even for brands that may have never considered sponsorship in football before, opened up by technology advances and the changing interests and behaviours of fans.

Brands that take advantage of these opportunities can reap rewards far exceeding the ROI of traditional sponsorship or advertising, through direct customer acquisition, brand sentiment and loyalty. Nielsen is continually evolving its measurement tools to provide brands with accurate reporting on the effectiveness of such investments. For example, in August 2017 they announced a new division to measure eSports sponsorships.

"Shirt sponsors can start to become wallpaper after a while."

Matt Wilson, CEO Ball Street

says...

Unique and innovative brand partnerships can be considerably more lucrative than traditional advertising and sponsorship.

The future of brand partnerships

Brand trust is at a low

People have lost trust in brands and the media. The Edelman Trust Barometer revealed a decline in trust across all types of institutions in 2017.

It can be hard for brands to win trust, but it can be considerably helped through the right partnerships.

Incongruous partnerships can be negative

Simply buying into a club or football property without consideration as to the relevance to your brand and to its fans can in fact be damaging. Interruptive advertising as well can get in the way of fans and the content they want. The role brands play is critical to trust, advocacy and ultimately purchase behaviour.

Consideration should also be given to the impact on rivalry between clubs. In our fan survey, **24%** said that they have consciously avoided buying from a company because they sponsored a team they didn't like.

"I actively chose not to buy a Dreamcast console in the 90s because they sponsored Arsenal."

Tottenham fan

"Let us be ourselves, authentic, and it will pay off for your brand."

Robbie Lyle,
Founder ArsenalFanTV

Meaningful partnerships can boost brands

Partnerships should be relevant to the values of the brand and who they're sponsoring and be surfaced appropriately in context.

Anyone can be a publisher, even brands, but sometimes it's better to leverage partnerships with existing channels that have built a following and reputation. EE learned that posting content on their own YouTube channel, despite media investment, far underperformed in views and engagement than when posted on Spencer FC's channel.

Brands that connect more meaningfully in their sponsorship and enable fans to get more of what they want rather than less, are perceived more favourably and it can benefit in other ways too.

Virgin Media subsidises the travel for away fans as part of its partnerships with Southampton FC and the Football Supporters' Federation, building invaluable advocacy for the brand.

"Always start with a fan first strategy."

James Kirkham, Head of Copa90

Football is more than just entertainment, it has social value and can make a difference to communities and our environment. A 'Social Value Calculator' developed by Sheffield Hallam University and Experian puts a measure on the social impact of different sports, including football. Football Beyond Borders is a charity that uses the power of football as an educational tool to inspire young people to achieve their goals and make their voices heard.

Brands with purpose have been shown to perform better. Unilever's Sustainable Living brands grew over **50%** faster and delivered more than **60%** of Unilever's growth in 2016. A partnership with football can enable brands to fulfil such aspirations.

Partnerships with fan channels are relatively untapped

There are a few examples of brand partnerships with fan channels, but despite the reach, they are still relatively untapped.

The real innovation in brand partnerships is going beyond badging to developing deep interactive engagement with fans.

Fan channels, traditional media and football clubs will need to adapt to stay ahead of the competition, and retain or grow their audience.

This means going beyond simply content to more immersive, interactive and personalised digital experiences.

Brands will be pivotal to fuelling that change, and those that do will be rewarded with the trust, advocacy and commercial benefit of a partnership in football.

says...

The right partnership and how it's activated is critical to success. Be true to your brand, fuel what fans want, and you too can profit from their love of the game.

What it means for your brand

e3 and LSU help brands to engage with their audiences in more meaningful ways. Partnering within football is just one of those.

We can help your brand make a meaningful connection with football, activating to meet your KPIs through digital experiences, whatever your sector or investment level.

A lot of what we've covered in this report can be applied to partnerships with any sport, or indeed between brands and cultural tribes of all varieties. Fans and players love football more than any brand, but if you can build an authentic connection with football, they can love you too.

"Every brand needs independent third party advocacy."

Matt Wilson, CEO Ball Street

HALF TIME

INTERVIEWS

Daniel Wood

Meet Daniel Wood, Founder of the World Freestyle Football Association, who works across the game to connect the corporate world to the community.

Daniel on sponsorship

“Activation is changing massively, so for us it’s all about the customer engagement we can offer through social media and through content-driven pieces.”

Daniel on new channels

The top three freestyle channels have a combined 9.6m YouTube subscribers. Real Madrid, Barcelona and Bayern Munich have 3.8m. “On social, you don’t need to over-produce, but you do need to be authentic.”

Daniel on new technology

“Augmented reality, virtual reality... that’s old news. Everyone’s talking about it, so it’s not innovation anymore.”

Daniel on social values

Social responsibility has become a key part of partnership proposals. It’s not just about looking good, it’s about what impact can be made.

Daniel’s advice to brands

“Look beyond the traditional models. Don’t assume there’s an event you can just be a part of and look good.”

Watch Interview

Oonagh O'Reilly

Meet Oonagh O'Reilly, Director of Sales and Marketing for the Irish FA, who is responsible for setting and leading the commercial strategy for the governing body.

Oonagh on sponsorship

"What a sponsor brings is activation and the marketing power behind it. We were looking for a brand that matched our values."

Oonagh on women's football

The women's game brings something different to partners. "It's not defined. It's not boxed off... what you have is the opportunity to carve out something new."

Oonagh on new channels

In Ireland, we have an audience that is hugely digitally engaged. "The Irish FA has a digital community of 330,000 against a population of 1.8m people."

Oonagh's advice for brands

"With women's football, if someone comes in and does it right, they'll own that space."

Watch Interview

James Kirkham

Meet James Kirkham, Head of Copa90, the definitive youth brand for football across multiple media platforms, from Snapchat to YouTube.

James on fan trends

Everything has changed in the consumption of football. “A diet of old media can no longer satisfy the appetite of a modern football fan.”

James on new channels

Football media is in a state of flux. “What’s happening in sport now is what happened in the music business 15-17 years ago.”

James on sponsorship

For an audience that’s become “increasingly difficult to reach, and who swerve interruptive advertising,” digital content is an opportunity to engage.

James on immersive media

“It’s a necessity-driven space. What fans need will ultimately be what drives that technology forward.”

James on fan-first strategy

Fans have many parts; tribalism, identity, expressionism, escapism, ritual and legacy. “It’s such a rich area and we’ve barely even scratched the surface.”

Watch Interview

Russell Stopford

Meet Russell Stopford, Director of Digital at FC Barcelona, who delivers digital products, channels and strategy through the club's Innovation Lab.

Russell on digital partnerships

It's important to find new ways of engaging with the audience through new channels, like Facebook Live, while also signposting to partners as they look to leverage digital.

Russell on brand partnerships

What works well is when a club and a brand can come together creatively, sharing assets and operating like a publishing business.

Russell on fan engagement

"There's lots of different sources of content where fans can get their daily or weekly dose of football... clubs can offer something that's unique and trusted."

Russell on Barca Innovation

"We see innovation in digital coming from our relationship with the fans. To get to know our fans we need data... the big driver is being data led."

Russell's advice to brands

"Even though there's an awful lot of content and product out there, and platforms for brands to work with, that's only going to grow and grow."

Watch Interview

Matt Wilson

Meet Matt Wilson, Founder and CEO of Ball Street, the hybrid business that both creates engaging content for its own channels, and provides consultancy to brands.

Matt on fan trends

There’s no longer a monopoly on production or distribution, which means fans are opting to watch somebody “who’s just passionate and authentic.”

Matt on sponsorship

Engaging with fan channels isn’t about instant results. Instead, the prize is “delayed gratification by getting an entire community on your side.”

Matt on quality

Young fans can relate more to people who speak very honestly with them, even if the production quality isn’t great and the person’s not famous… “people are getting sick of seeing the veneer and getting patronised by the experience of the incumbent media.”

Matt’s advice to brands

Viewing figures for live sport are on the decline. I think we’ll start seeing companies like Amazon using data to “offer very personalised experiences.”

Watch Interview

Robbie Lyle

Meet Robbie Lyle, creator of ArsenalFanTV, the media platform that has become a vital part of its viewers' matchday experience across multiple social media channels.

Robbie on fan trends

"Media's changed... fans talk and engage in a massive way across all social media platforms."

Robbie on sponsorship

"Our fans want to watch the content... [sponsorship] has to be authentic, otherwise our audience will see right through it."

Robbie on traditional media

"When a game of football finishes, the fans haven't gone away. They want to talk about their team... [traditional media] need to find a way of continuing that conversation."

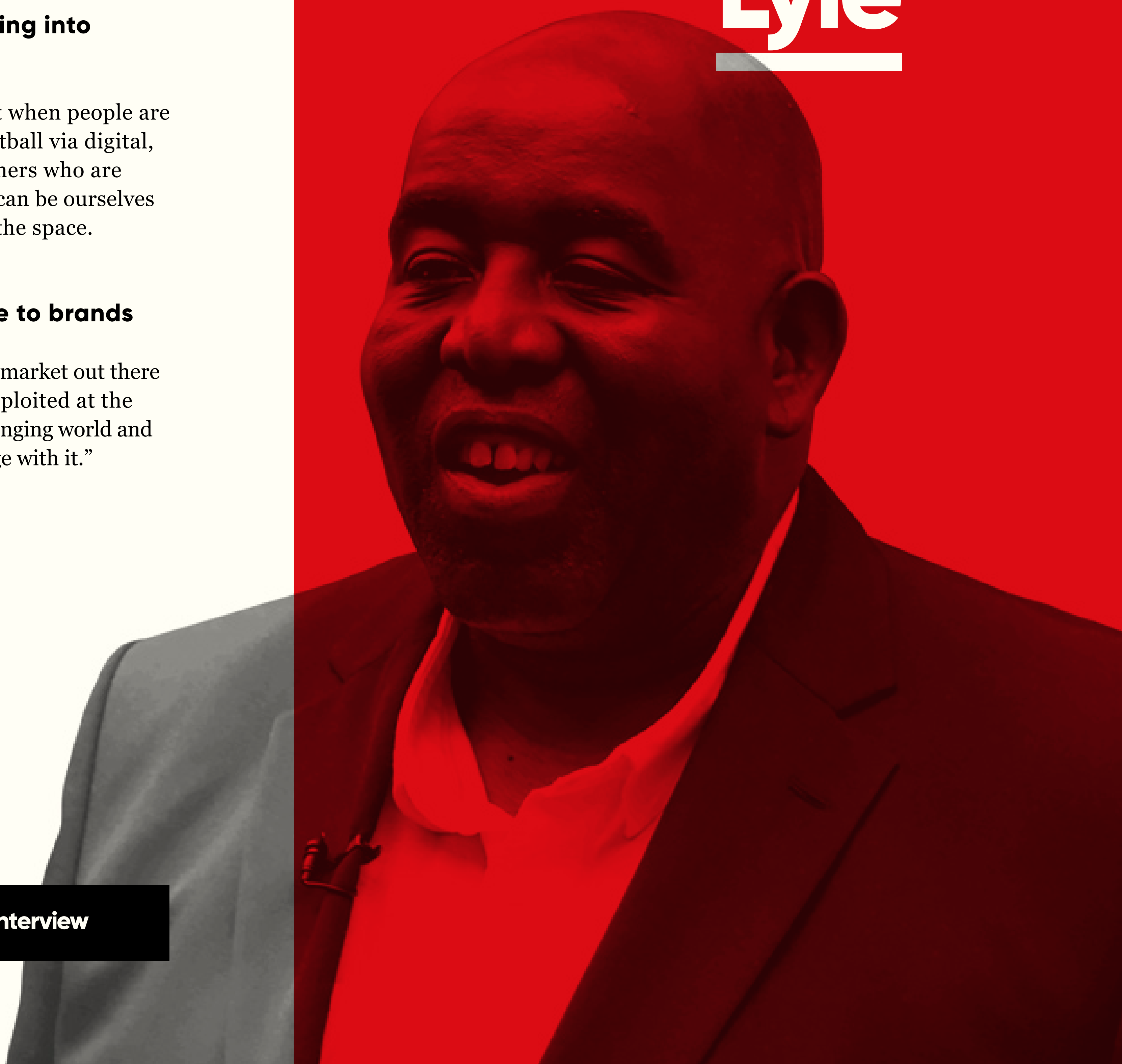
Robbie on getting into football

It's important that when people are trying to enter football via digital, they listen to partners who are already there. We can be ourselves because we know the space.

Robbie's advice to brands

"There's a massive market out there that's not being exploited at the moment... it's a changing world and you've got to change with it."

Watch Interview



Gareth Capon

Meet Gareth Capon, CEO of Grabyo, the video platform that helps rights holders and broadcasters distribute content to fans, however and whenever they want it.

Gareth on fan trends

The trends in fan consumption that led to Grabyo are simple: “growth in video, growth in mobile and growth in social networks.”

Gareth on sponsorship

“Brands are demanding a much closer partnership... it’s not just about badging imagery these days, it’s about creating meaningful messages.”

Gareth on new channels

Fans are asking: “How do I want to watch this? Where do I want to watch it? How do I want to access it? And what am I prepared to pay for it?” Answering those questions will set what this changing media landscape looks like.

Gareth on new technologies

People tend to get over-excited by the short term. “The most important changes right now are delivery of video content over the internet, mobile and social platforms.”

Watch Interview

Shane Stafford

Introducing Shane Stafford, Head of Brand at BetVictor, who is an expert in brand engagement across television, mobile, web and gaming platforms.

Shane on sponsorship

Using the popularity of the team you're sponsoring can be hugely beneficial. "We've been lucky enough to work with Jurgen Klopp [Manager of Liverpool FC]... when we do content Liverpool fans engage with, we see a real spike."

Shane on partnerships

If football clubs provided media outlets within their training grounds, including green screens and sound facilities, "we'd be able to get a lot more content turned around really quickly."

Shane on fan trends

"People's habits when it comes to engaging with content, are changing. They just want small pockets of information that they can consume and take away."

Shane on big data

The role of data is generally down to budget. "We do a bit of paid investment to start with to push a campaign out to as many people as possible. From that we can refine the audience we want."

Shane's advice to brands

Brands need to know exactly what they want to get out of their involvement in football. "A lot of companies, from my experience, will go into significant investment but not actually have a strategy.

Watch Interview

2nd Half

Expectations gap for players

The old model is ready to be broken

Football is the world's biggest sport and it's dominated by some the world's biggest brands.

But whether you're an established, authentic football brand (like adidas or Nike) or a young, hungry newcomer (like Under Armour or New Balance) it's tough to drive excitement amongst today's demanding, sophisticated consumers.

Attracting and keeping consumers is made harder by the long-entrenched football marketing model, which is underpinned by expensive partnerships i.e. the sponsorships and rights deals that sports brands must strike with players, teams, associations and governing bodies.

Visibility is wrongly prioritised over talkability

Talkability correlates strongly with business performance, but the partnership-driven model prioritises brand visibility over talkability, causing brands to obsess over their share of logos on-pitch rather than their share of conversation online.

Brands are all playing the same game

With everyone following the same model, it's difficult for anyone to stand out; even key assets are seldom owned and frequently misattributed, as consumers struggle to remember whether players like Messi, Ronaldo or Griezmann wear Nike, adidas or PUMA.

Partnership costs are skyrocketing

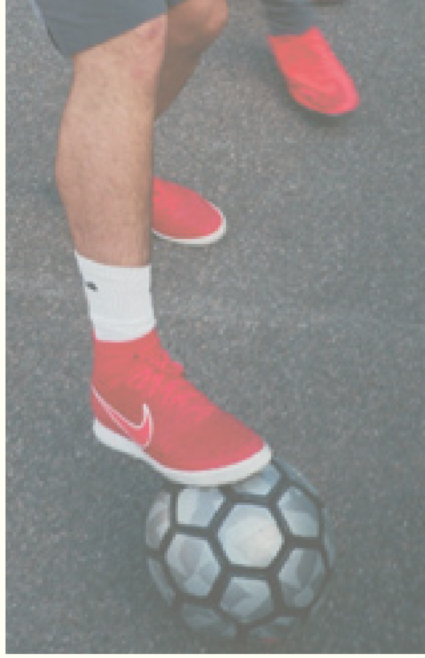
Worse still, the costs of supporting this model are skyrocketing. For example, in the 2014/15 season Nike paid Manchester United **£23.5m** a year to supply the club's kit. The following year, adidas signed a 10-season deal with the team worth **£75m** a year - an increase of nearly **220%** and, in total, only £40m less than the Glazer family originally paid to buy the entire club in 2005.

Focus is shifting to digital and direct

To compensate for growing costs of partnerships, sports brands are increasingly turning their backs on TV advertising and paid-for media and trying to find more cost-efficient ways to reach, and sell to, consumers through their own channels, such as branded mobile apps, social media and ecommerce.

As adidas Chief Executive Kasper Rorsted said earlier this year: "All of our engagement with the consumer is through digital media and we believe in the next three years we can take our online business from approximately **€1bn** to **€4bn** and create a much more direct engagement with consumers."

Step into the consumer’s boots



Channel innovation is squeezing out product innovation

Whilst sports brands have been forced to think more innovatively about their own channels, this has come at the expense of thinking more innovatively about their own products.

For example, football boots (a significant driver of both revenue and profit) are a cornerstone product for all sports brands. But innovation in footwear is only aesthetic and incremental in nature - encompassing at best new colourways and marginal improvements in fit, weight and touch.

Consumers prefer to ‘wait and see’

Whilst the time between product updates is shortening, evidence is beginning to suggest that this is becoming a less effective approach to driving growth. Much like the mobile phone market, consumers are holding onto their existing boots for longer and are prepared to wait for more significant improvements before upgrading their footwear.

There’s a new way to win

Given all of this, the football category is ripe for disruption through genuine innovation.

There are huge opportunities to be seized and gains to be made by any sports brand that’s willing to sacrifice the old model (and its expensive partnerships) in favour of evolving their business and creating new products and services to better meet the rising expectations of today’s consumer.

Use expectation gaps to identify opportunities

Our goal for this report is to identify opportunities in the all-important gap between consumer expectations and the reality of the category.

Go deep into consumers’ lives

Rather than taking players into focus groups and out of context, we’ve gone deep into their lives and the lives of those who influence them. We have conducted fieldwork where players spend their time - in their homes, training grounds, their communities and on their pitches. Our approach is as much about observation as interrogation - since we’re often dealing with situations, workarounds, barriers and motivations that the players themselves are unaware of and can struggle to articulate.

We worked with 32 different individuals

Players

Male and female, aged 14 to 18. They have the highest levels of participation and spend. They are the core target audience for sports brands.

Coaches

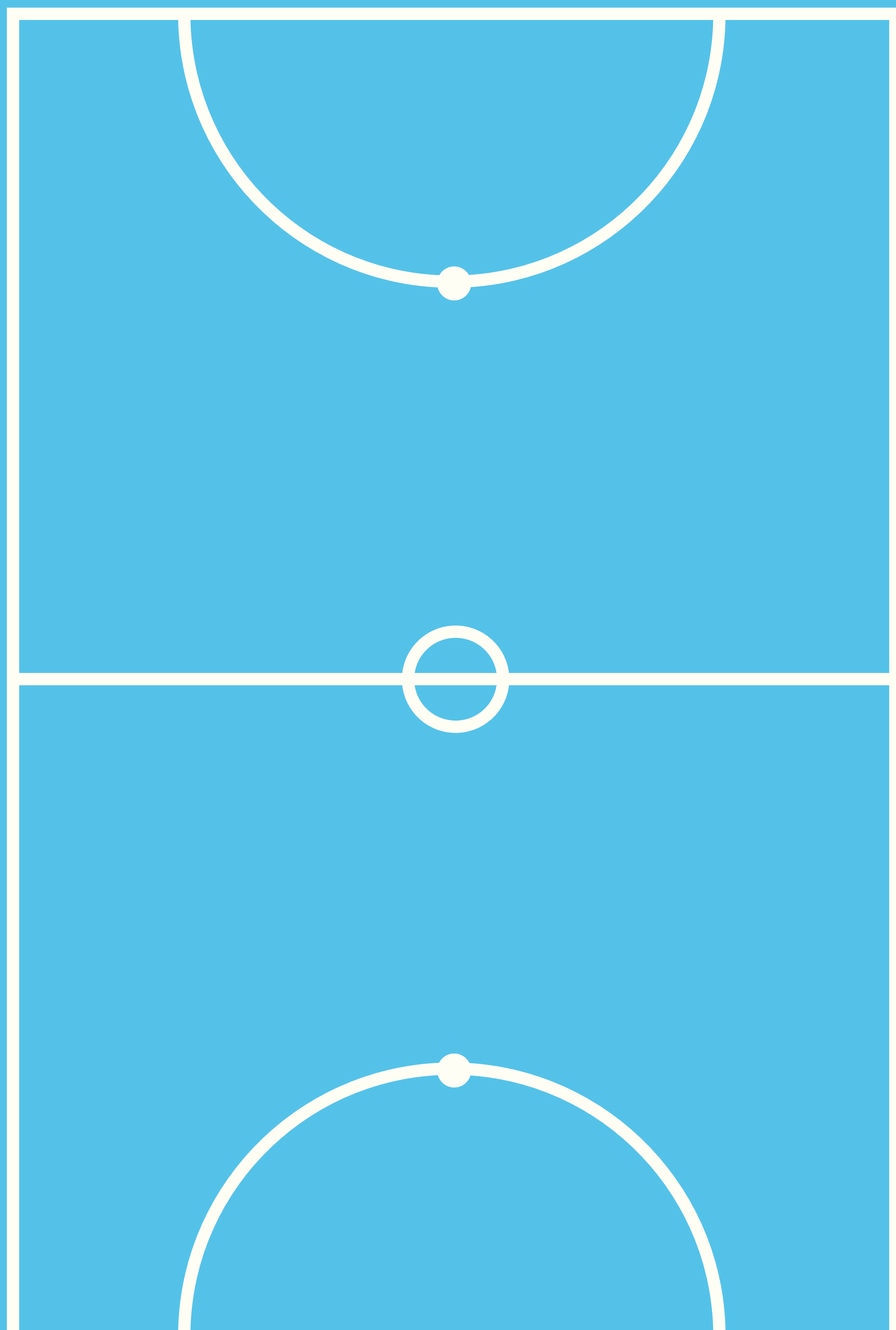
Professional and voluntary. They have huge influence and understanding of players and the game - and a historical perspective on changes to both.

Disruptors

Innovators using new approaches and new technology to better meet players' needs. They're quick to spot and adapt to emerging trends and new behaviours.

Brand leaders

Brand, Product and Innovation leaders from adidas, Nike, Under Armour and New Balance in the UK, the EU and the US - who understand category and consumer dynamics at scale.



Changing expectations

Consumers are more knowledgeable

Rising expectations are being driven by the web, mobile devices and social media, all of which have made consumers more empowered and knowledgeable than ever before. They have growing access to information about and understanding of the game at all levels (including professional clubs, managers, players and matches, as well as behind the scenes).

They're playing a different game

The professional game that most consumers watch is very different to the game most play - which is increasingly small-sided and in urban environments.

These two macro dynamics have opened up 7 big expectation gaps...

1

The access gap

'I expect to be able to make use of the best facilities.'

Key drivers

Driven by increased exposure to professional training grounds, as well as facilities from outside of the UK and from outside of football, consumers have a growing desire to use the best playing environments.

Frustrated expectation

However, in many areas, quality pitches are non-existent, inaccessible due to price, or have limited availability. This is especially true in central London where facilities exist but are often fully booked, denying young teams and players the opportunity to use them.

"We need quality pitches. You can train at a park where you know people have been using it for barbecues...there's no real lines, there's no pitches, there's no nets on the goals. You can go down there and use them facilities but in terms of good quality pitches...I wouldn't say there's enough."

Coach

"A pitch like Haggerston becomes commercially viable from 5pm. You have Canary Wharf and City people willing to pay £150 for an hour's game with their corporate team versus, 'Hey, you want us on your pitch for £33?' I hate to say it, but, it largely comes down to money."

Player

Opportunity areas

The opportunity for sports brands is not to build more and better training facilities - but to ensure availability of and access to those that already exist. A simple solution would be for brands to book quality pitches and then 'sublet' them to teams and players through their own digital channels - helping them drive engagement, grow their network, and further develop direct relationships with consumers.

2

The coaching gap

'I expect a greater level of expertise in the coaching I receive.'

Key drivers

Driven by increasingly sophisticated game analysis (both online and in broadcast media) around things like formation, tactics and specific passages of play - consumers want the same level of expertise brought to their own development.

Frustrated expectation

Grassroots coaches have a knowledge base that's often more limited than their players. Many lower level coaches rely on learning from each other and only the most committed are using digital resources to help them learn. Where online coaching advice does exist, it is largely suboptimal, with coaches using digitised (but often dry and out-of-date) training manuals and inspiration from amateur YouTubers of varying quality.

Opportunity areas

As a key influence on players, coaches are also a key channel for sports brands. Given this, there is a clear opportunity to provide mobile-first coaching tools and structured content for the grassroots, helping both coaches and players to develop. Platforms like [The Coaching Manual] are already beginning to meet these expectations, whilst services like [Hudl] are bringing video analysis from the professional to the amateur game. relationships with consumers.

"There's a massive appetite for all kinds of footage. It's about learning about the game by watching things back. If you think about player cams, that's where technology allows you to understand the game on a completely new level."

Brand Dealer

The Coaching Manual

The conditioning gap

'I expect to be able to control all the things that can make a difference to my game.'

Key drivers

Driven by easy access to the lives of the world's best players and top teams through social media, consumers have a greater awareness of how performance is affected by more than just what happens on the pitch.

Frustrated expectation

In their own world, the predominant focus for performance is personal fitness. There is an absence of tailored information, products and services in other areas that may have impact on their game.

"I'm working on a different strand which is called Super Sundays, which is basically an elite training program available for people aged 16 or above. It's a holistic training approach so within our program we include dietary advice, strength conditioning, meditation and yoga, as well as the ball skills as well. We basically focus a lot of our attention of outside the football pitch."

Coach

Opportunity areas

A clear opportunity exists around specialist football nutrition. Whilst many players use generalist supplements - and some follow general diet plans for footballers - no specialist football supplement has significantly penetrated the mainstream consumer audience.

In addition to nutrition, consumers are increasingly interested in mental preparation before a match - to better deal with high pressure situations like penalties, and show fortitude and resilience in dealing with defeat. The meditation app *Headspace* has already partnered with Nike to help athletes sharpen their motivation, silence their self-doubt and find their flow.

Headspace and Nike

The skills gap

Key drivers

Driven by the growth in freestyle football (F2Freestylers has over 6m YouTube subscribers) and the influence of video games like FIFA, consumers have an increasing interest in mastering an ever-expanding repertoire of skills, tricks and techniques.

Frustrated expectation

Despite players believing that these skills make a difference in a competitive context, consumers learn these tricks through imitation and perfect them outside of the formal coaching environment.

'I expect to be able to master, capture and share the skills I see and talk about with my friends.'

"The kids certainly look to video games as examples. They try the tricks that they see on FIFA and compare themselves to that. You hear it on the training ground. That's a big difference from when I was growing up, when we compared ourselves to real players, not players in video games."

Coach

Opportunity areas

Driven by the growth in freestyle brands to help bring these skills into structured training. This could be through better education of coaches -
to encourage adoption of new training methods with a skills emphasis.
For example, one coach we worked with was already using music to help his players develop and embed new techniques. Sports brands could support coaches like this by providing relevant audio guides and playlists.

"We've got this one player, he's quite small...when he was even younger, 7 or 6 maybe, I saw him over the park. His parents didn't seem very football orientated. He was unbelievable! I said to them, where did he learn to play football like that? They were like,FIFA on the iPad. It's visual learning."

Coach

Bragging rights

Equally, outside of training, there's an opportunity for sports brands to help players more easily capture, show off and share their tricks. For example, one disruptor we worked with was developing a new way for players to easily record, edit and share spontaneous (rather than staged) moments of skill during a match.

The self-knowledge gap

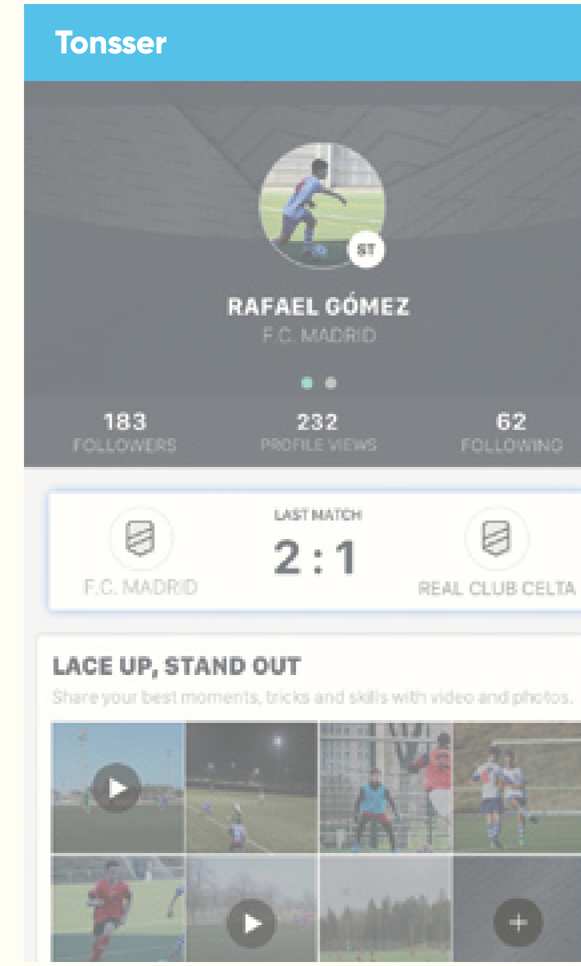
'I expect to know as much about myself as I know about the pros.'

"If you're a runner and you've got the Nike's running app, you know how far you've run, your best mile, how many calories you've burned... But as a footballer, that technology just isn't there."

Brand leader

"It's so expensive. It's not available if you're not at that elite level. A lot of the fitness trackers I've had I've had to wait a couple years for them to dip down in price. It's like £100 - £200 for a new one."

Player



Key drivers

Driven by the availability of pro-player stats - from companies like Opta, games like Fantasy Football and Football Manager, as well as on-screen graphics used by the like of Sky Sports - consumers have an increasingly data-driven understanding of performance.

Frustrated expectation

The abundance of player data that's available to them is limited purely to professionals and never directly relevant to themselves.

Opportunity areas

There's a clear opportunity for sports brands to develop connected products and environments that capture data in order to help players understand and benchmark all dimensions of their game, measure their improvement over time and compare it to others.

Whilst this vision presents a challenge in terms of technology, scale and cost, consumers are already using digital services to manually track their performance. Platforms like Tonsser (with an estimated base of over **100,000** users) allow players to log and update their personal stats and build a quantitative profile of their game.

"Tonsser was built to help football players keep track of their performances and showcase their achievements to teammates, friends and followers. Every week thousands of youth players between 13 and 19 update their personal stats on the Tonsser app and use their performances to compete for a spot on Team of the Week."

Tonsser.com

The personalisation gap

"Sure, you 'personalise' a boot with your name or a colour, but it's still a mass-produced, one-size-fits-all boot. Imagine buying a car where you couldn't even adjust the seat or the steering wheel."

Brand leader

adidas Glitch

'I expect the products I use to be exactly right for me.'

Key drivers

Driven by an increasingly personalised online experience - shaped by social media feeds, recommendation engines and smartphone homescreens - consumers increasingly demand personally tailored products.

Frustrated expectation

Whilst sports brands already offer players the opportunity to personalise their equipment (through services like miadidas, NIKEiD or the adidas Glitch boot which offers two interchangeable units), this expectation stretches beyond just colour combinations to encompass products that are uniquely designed to maximize a consumer's own individual performance.

Opportunity areas

For sports brands to truly deliver against this expectation, they would have to take an algorithmic approach to product development. For example, over the course of a season, a connected boot would collect data on a player's game - from impact zones to patterns of movement. This data would then be used to inform a unique iteration of the boot to wear the following season, which is more suited to maximizing the performance of that specific consumer. As more data is collected, more unique iterations are issued. This means that with each passing season, the player receives a boot that's even better for them.

Whilst this approach seems some way off, it would offer significant advantages to sports brands as well as consumers. If a user's data is non-transferrable, players would find it difficult to walk away from an always-improving product, only to start start the process all over again with another brand. By locking consumers in, a sports brand could maximize the lifetime value of a player.

The relationship gap

'I expect my relationship with sports brands to be ongoing and performance based.'

Key drivers

Driven by the increasing range and price of equipment, coupled with growth in subscription services like Spotify where consumers pay for access rather than ownership, players expect a different relationship with sports brands.

Frustrated expectation

The current relationship is one between 'producer and consumer' but players would like to see it evolve to one of 'service provider and user' and even stretch to 'club and member'.

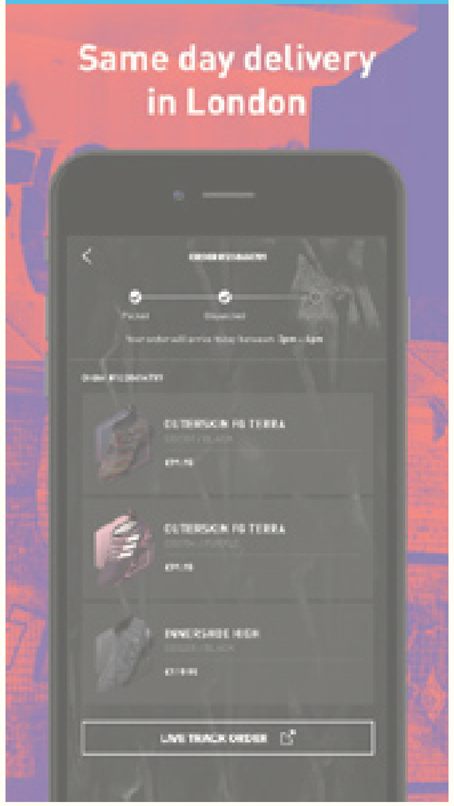
Opportunity areas

There is a clear opportunity for sports brands to develop less transactional business models. Already, adidas has a direct relationship with consumers through their Glitch platform; it's only through the dedicated Glitch mobile app that players can buy the Glitch boot. But this approach could be extended to a broader subscription service encompassing access to (rather than ownership of) product, as well as ancillary services such as content and coaching. Again, a model like this has the potential to deliver greater margins, more predictable revenue, and greater lifetime value.

"The transactional model is already in question. Young kids are used to getting more from their mobile phone subscriptions, travel companies, even automotive companies are trying to offer you something without having to own a car. So where are the football companies?"

Brand leader

adidas Glitch same-day ordering



The final whistle

Our goal for this report is to identify opportunities that exist in the all-important gap between consumer expectations and the reality of the category.

We spot these gaps by going deep into consumers' lives - something few clients have the time or permission to do themselves, especially given how busy they are servicing their relationships with a huge array of traditional partners and retailers.

Our research has shown that there's a big opportunity to break with the traditional model and that the football category is ripe for disruption through genuine innovation.

There's a new way to win - but only if you're brave enough to evolve your business model and create new products and services to that truly meet the rising expectations of today's sophisticated consumers.

Research methodology

Research for this report was carried out between July and September 2017.

Interviews were conducted with key stakeholders in the game internationally including football clubs, governing bodies, commercial brands, media, charities, sports tech and gaming.

Interviews were also conducted with fans, players and coaches and an online survey was completed by a wide representation of football fans.

Contributors & partners

We'd like to thank the following for their contributions to the report:

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Great Expectations: The Football Issue is a collaboration between lead digital agency e3 and our sister agency, LSU.

About e3

the digital momentum agency

combining consultancy and delivery to provide an end to end digital service

What we believe

70% of digital transformation projects fail because organisations struggle with the complexity of the challenge. To ensure you succeed, at e3 we combine strategic thinking with well-planned delivery cycles to create products and services that build momentum, and help secure your future growth. Consumers expect more than most brands can keep up with.

Our user-centric, iterative approach to designing and delivering digital products and services enables our clients to do just that.

Through smarter football partnerships and innovative fan engagement, we'll accelerate your brand's potential and leave your competitors for dust.

About LSU

a strategy and innovation agency

keeping brands relevant through creative thinking and new technology

What we believe

The fundamental challenge for brands today is staying relevant in the face of rising consumer expectations.

Yes, digital is causing these expectations to rise. Every improvement in a category - whether it's a new product, service or experience - lifts these expectations even further. Companies that can't keep up are losing ground to those that can.

But consumers quickly get used to these improvements. What was once magical is now mediocre. That's why even the most leading-edge businesses can't risk standing still. As Jeff Bezos put it, "customers are always beautifully, wonderfully dissatisfied".

This means that if brands don't find new ways to impress, they'll rapidly slide into irrelevance.

They think it's all over...

it is now!

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