

# It's the year 2030

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A successful vaccination programme has helped restore the planet to relative normality. But the pandemic's mark on the worlds of sport and entertainment has left an unmistakable legacy. It wasn't that Covid-19 was a game changer, though. More that it was an accelerant, a terrible fuel to a rocket whose destination was already set.



Covid-19 hastened changes that were already on the horizon, from cord-cutting away from 'traditional' cable and satellite TV services to the explosion in commercialisation of esports.

Let's rewind to the present day.

Sport in particular has, for the last two decades or so, been dependent on revenue from an industry that is already under threat – 'traditional' cable and satellite broadcasting. In Q1 in the US alone cable suppliers saw a 70% jump in cord-cutting homes, equating to the loss of 1.7 million subscriptions.

Former NBC chair Ben Silverman underlined the challenge that players in the sector faced from Covid-19, explaining, "the longer that we don't have sports, the more accelerating the cord-cutting will be. Sports was what was having people hold on to their traditional packages, and without it they're discovering a lot of entertainment choices in streaming and at lower costs."

The challenge for sponsors and advertisers keen to engage with sports fans is understanding where they are heading now that competitive sport is back up and running. A 6% year-on-year decline in network viewing figures for the NFL at its mid-season point – despite many teams still playing to empty stadia and those that aren't only accepting a smattering of fans – indicates that those fans are heading elsewhere.

Sports rights deals don't last forever and this decline is only likely to encourage the likes of Amazon to expand on its exploratory raids into sport. It is also likely to make individual sports study the effectiveness of vertical offerings like Discovery's Golf TV and DAZN's newly launched boxing-oriented service as they try and work out how best to maximise the value of their broadcast product in the long term.

The ongoing fight for eyeballs isn't limited to traditional sport. Esports, for example, has leapt on increased digitisation of people's lives that Covid-19 has prompted and the innate connection it has with a generation of digital natives is beginning

to generate the commercial revenues that its enormous fanbase has been promising for some time.

While in-person esports competition experienced the same shut-down as other sport and entertainment sectors, its online offering has flourished. As McKinsey pointed out in June, “the emergence of new formats in the first weeks of the pandemic shows that esports is comparably well equipped to handle this crisis. Many leagues are continuing their formats online, and interest in esports games is rising”.

The emergence of Covid-19 coincided with major esports landmarks being reached such as Counter-Strike: Global Offensive hitting an all-time record with over a million concurrent players in March. Additionally, McKinsey’s consumer survey showed that heavy users, playing or consuming esports content more than once a week, increased by approximately 30 percent as a result of the onset of the pandemic.

This growth has not gone unnoticed by brands desperate to find ways to offset the effects of Covid-19 on their traditional sponsorship vehicles, both in sport and other entertainment sectors such as music. As a consequence, Sportcal reports that “while properties across sports have lost out on sponsorship revenues as a result of the Covid-19 outbreak, those within esports have bucked the trend”.

They have recorded a 53% year-on-year increase in the number of sponsorship deals signed in esports between 2019 and 2020. But what of those areas that have lost out? As is the case in any commercialised environment the market it currently experiencing something of a battle for the survival of the fittest. Covid-19 is drawing into sharp focus the difficulties facing the have nots.

Whereas the likes of the English Premier League in football and the Indian Premier League in cricket can, for the most part, shrug off the effects of having to play to empty stadia thanks to the sheer scale of their broadcast and commercial income, others are not so lucky.

In football, that means teams lower down the pyramid facing crippling financial difficulties and for other sports it can mean the very existence of significant parts of their operations, such as community and development programmes, are simply rendered financially unsustainable.

Whether they survive or not could end up coming down to the support they can attract from sponsors and commercial backers. As long as they can demonstrate their continued appeal to a committed fanbase of engaged individuals, there is the potential for brands to ride to their rescue.

If, as marketing expert Mark Ritson suggests, we remember the brands that remembered us during the pandemic, those that play a role in supporting sport through the hard times can benefit through shaping its future.

## Key take out:

The brands that will be ahead of the game by 2030 are the ones that can successfully pre-empt where their audience is going to be in five years’ time. With a possible light at the end of the Covid-19 tunnel, those brands need to be primed to make their move right now. And if they have brought their resources to bear in helping sporting organisations to ride out the storm, then they can expect to reap a reputational benefit for many years to come.

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