



The Fluid Fan™

is here

from **Sports Innovation Lab**

*How to Engage
the Continuously
Changing
Fluid Fan*

February 2020



Shaping Society Through Sport

The research we conduct at Sports Innovation Lab cannot be summarized into simple buckets. Yes, we research technology, sports, and fandom. However, we do so with one goal in mind: **to empower our industry to understand the impact that we, as leaders, have in shaping the future of society through sport.**

Sport has always been a powerful force in my life. As an Olympian, I have seen it bring together enemies in a time of war, shape the politics of a country, and help bridge language, gender, and cultural barriers. I have sat in the International Olympic Committee's permanent observer seat at the United Nations. Following the 9/11 attacks, I walked in the Opening Ceremonies with a World Trade Center Flag. I have also broken gender barriers as the first female non-goalie to play professional men's hockey in North America. I have seen fans of a city or country come together despite distance, seeing mothers and fathers become closer to their children because of sports participation, and know first-hand the impact athletes have instilling hope and acting as role models for the next generation. Quite literally, sport has the power to change the world.

Eliciting the true power of sport is our goal. Technology is simply the means.

Sports Innovation Lab is on a mission to empower our clients and this industry to take advantage of the emerging technologies that keep sport relevant and thereby change the world.

How do we do this effectively? We believe the technological shift occurring in global society is reshaping the sports industry. This same technology holds the key to innovation and ultimately engagement. Leaders in this industry have the responsibility to understand technology in order to drive profit, build sustainable operations, protect the integrity of competition, and develop world-class talent. The Fluid Fan is about understanding the customer in order to build a thriving business in the sports and entertainment industry. When we operate with urgency and clarity, we will take advantage of the opportunity to grow and engage fans anywhere in the world. Technology gives us the power to reach these fans, engage them, and help sports thrive.

Thus, let's all approach business differently in the Age of The Fluid Fan and embrace change. Change is hard, but it is by definition, the only way to grow. Let's lean into and embrace technology for what it can truly do: amplify the powerful effects of sport.



Angela Ruggiero

CEO & Co-Founder

Sports Innovation Lab



Welcome to the Age of The Fluid Fan

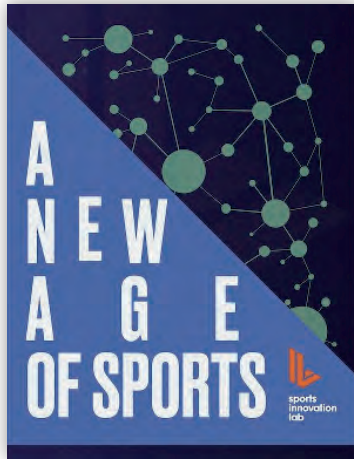
For decades, the sports and entertainment industry has operated differently than other businesses. It has relied on enormously popular sports properties with generations of die-hard fans defined by geography, loyalty, and rivalry. Despite this success, the die-hard fan is not the path to growth for the sports and entertainment industry. There is a new path to growth, and that is the Fluid Fan.

Fluid Fans are open to change, empowered to choose, and continuously evolving. They move from one form of entertainment to another. They consume sports media and content in shorter bursts of interest instead of longer, committed periods of ritualistic spectatorship.

Because Fluid Fans are different. Traditional methods of consumer segmentation with market personas, demographics and psychographics are simply inadequate. Identifying a fan doesn't help you understand what they do or want to do next.

We need a new approach that empowers companies in the sports industry to focus on their core business, while also leveraging the power of technology to keep Fluid Fans doing the other activities that optimize revenue.

These Fluid Fans are disrupting the traditional ways sports and entertainment businesses make money. We cannot ignore that fact. They are the new reality. They will lay waste to the rules that govern the traditional business model of sports.



In 2019, we introduced the sports industry to **the Fluid Fan.**

In that report, we showed that the sports industry has gotten too comfortable, assuming sports fans are here to stay.

But today, with more options than ever, sports fans are drawn to other content and experiences. This is called the attention economy.

To keep the attention of fans, the sports industry needs to prepare for the Fluid Fan.

01 / **First, Fandom was Local**

02 / **Then the sports industry went Global**, focusing on trying to reach as wide an audience as possible

03 / **But today, sports fans are Fluid**, and it's forcing the sports industry to rethink how to do business

Defining Fluid Fans

In *A New Age of Sports*, we tracked the evolution of sports fandom from Local, to Global, to Fluid, explaining how technological innovation and cultural trends have led the sports industry to the limits of globalization.

Space and time are no longer limiting factors for sports fans. This has driven drastic changes in how fans behave, and what their expectations are for sports experiences.

Because of the rapid evolution of technology, specifically, technologies that allowed us to connect and process information faster, we identified a new kind of fandom.

We call them Fluid Fans.

Fluid Fans are:

- **Open to Change**
More willing than ever to change their minds
- **Empowered to Choose**
Presented with more choices than ever before
- **Continuously Evolving**
Continuously discovering new content to love

Age of the Local Fan

ca. 1850s - 1950s

Supports Local Team

Radio/Newspaper/TV

Local Fan Communities

Consumer

Follows Teams

Prioritizes Winning

Fixed Identity

Age of the Global Fan

ca. 1950s - 2020

Supports Global Teams

Satellite/Cable/OTT

Global Fan Communities

Consumer

Follows Teams/Leagues

Prioritizes Winning

Fixed Identity

Age of the Fluid Fan

ca. 2020 - Future

Changes Allegiances

Transmedia

Digital Fan Communities

Consumer/Creator

Follows Players

Prioritizes Values

Contextual Identity

New Age, New Rules

Rule #1: Design for Behaviors, Not Engagement

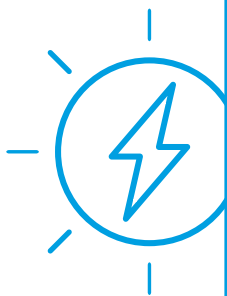
The sports industry needs a fundamental mind-shift to respond to this new kind of sports fan. It starts with its use of the word "engagement."

Since "engagement" means everything, it also means nothing. How do you know when you're doing engagement well? The proxy for measuring fan engagement has been time. But time is not a meaningful measure of actual fan engagement, as it does not account for what fans do, or why they are even doing it.

So let's start thinking about what Fluid Fans do.

The defining characteristic of the "Fluid Fan" is that they are no longer passive. They are active. They move and change. Digital technologies have made it easier for sports fans to discover and do more. This is a good thing.

As the industry begins to understand what Fluid Fans do, it will become easier to design experiences that target and optimize for these behaviors.



We must stop using "engagement" as a catchall term and recognize that **"fan engagement" is when a fan actively performs an intended behavior and moves with purpose among related activities.**

This is a bold statement. This philosophy has the power to completely redefine how sports organizations approach their business. Fluid Fans use technology to jump seamlessly from one mode of engagement to another.

In light of this new definition of "engagement," sports organizations need a new way to measure success. "Time spent" is no longer the best way to evaluate how well you are addressing the continuously evolving needs of your audience.

Fan Engagement Is About Behavior

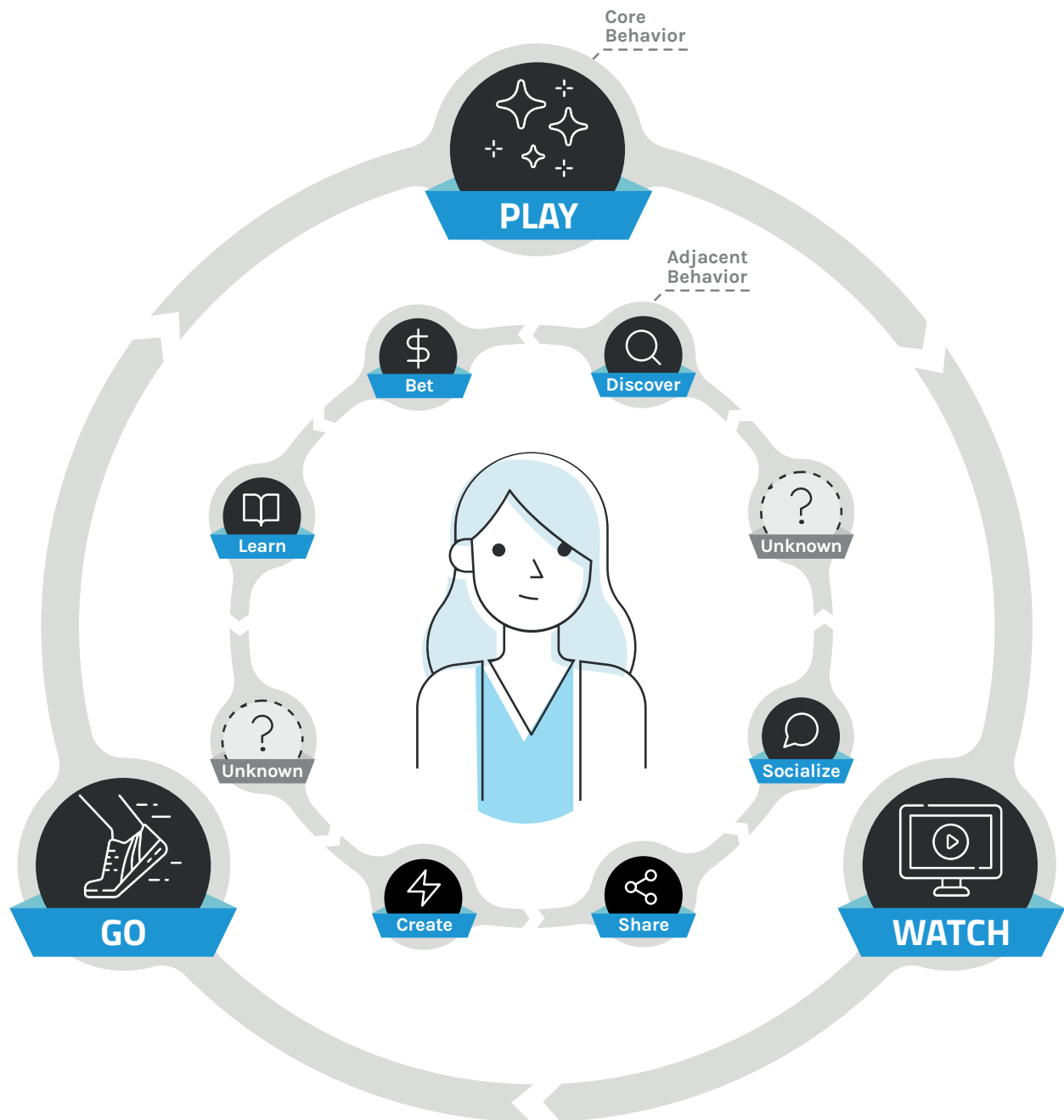
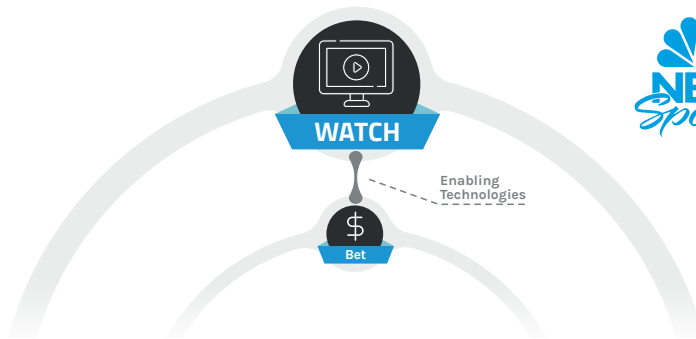


Fig. 1: We need to think of fan engagement in terms of behaviors. The three core sports industry behaviors are Go, Watch, and Play. Every business model is grounded in one of these three core behaviors. Gate revenues, merchandise, media rights, and sponsorship all depend on whether fans Go, Watch, and Play. But to grow and unlock new revenue opportunities, businesses need to understand adjacent behaviors like "Bet," "Learn," "Create," "Share," and more.

Rule #2: Invest in Enabling Technology

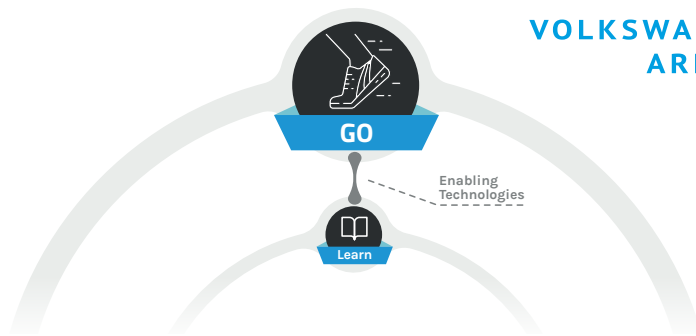
Sports organizations need to understand that technology is the driving force that enables fans to move between modes of engagement.

New technologies are creating opportunities for fans to do more. Sports organizations need to work with technology partners that enable their fans to do more while still staying in the same ecosystem. Examples of tech investment include:



Watch to Bet

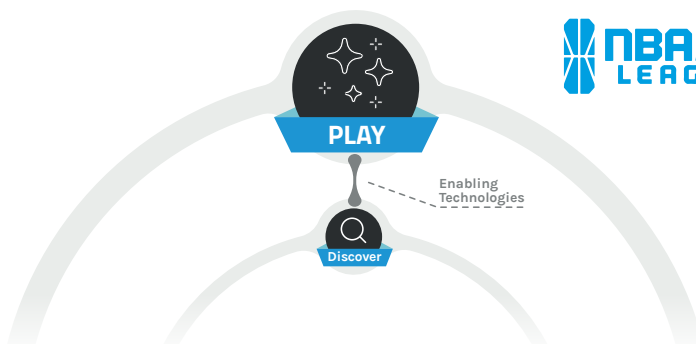
Nov 2019: NBC Sports Washington developed a "predict the game" contest that ran during OTT broadcasts to test the waters for integrated real-time sports betting.



**VOLKSWAGEN
ARENA**

Go to Learn

Oct 2019: The Bundesliga (DFL) partnered with Vodafone on an award-winning 5G test that gave fans unprecedented game data via augmented reality.



Play to Discover

Jan 2020: The NBA 2K League announced its first non-North American team, the Gen.G Tigers of Shanghai, as part of its mission to grow the base of NBA fans through esports.

Rule #3: Organize for Agility

Every time a new technology product or service hits the market, fans will adopt new behaviors.

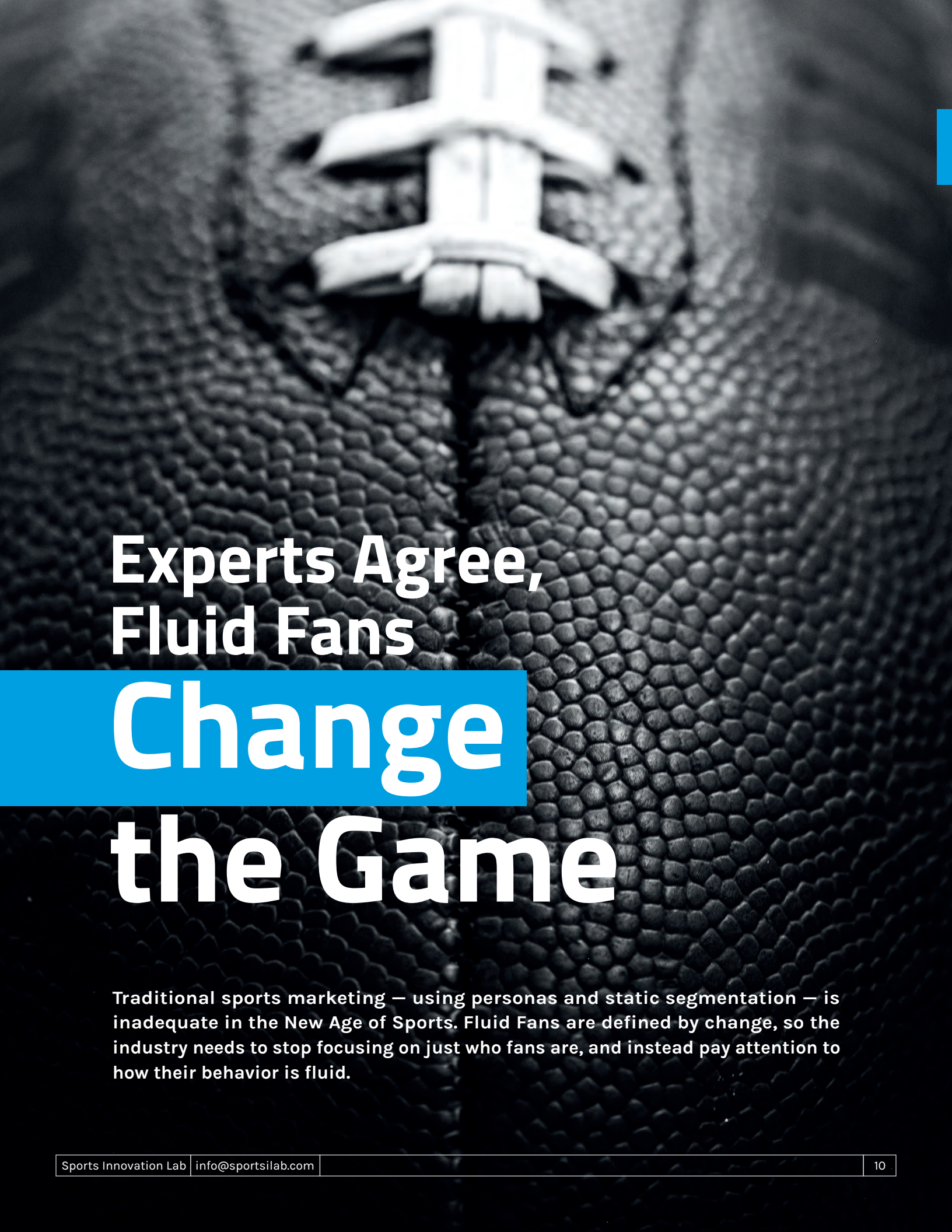
For example, now that Alexa and Google offer voice search, sports fans settle pub debates by asking their phones for sports statistics. They expect venues to make it easy for them to hail a ride sharing car home from the match.

To compete in an ever-changing market, sports organizations need to hire new skills, develop digital talent, and implement new innovation practices. Sports can borrow best practices from other industries to prepare for the Fluid Fan.

The Harvard Business Review and Sports Innovation Lab outline some innovation recommendations below:

Harvard Business Review	Sports Innovation Lab
Embrace Open Innovation	Despite the competition inherent to sport, break down walls and support innovation initiatives that encourage broad industry growth.
Develop Skills	The sports industry relies on free or cheap entry-level labor because "people want to work in sport." Your organization needs to find programs that support professional development so your human resources return more value.
Invest In Innovative Development	Your organization needs to go beyond simple innovation lip service. You must provide structural and financial support for groups to experiment with new products, services, and technology integrations.
Look Outside of Sports	Support curiosity, and encourage your teams to explore what innovation looks like outside of sports. Bring in external experts to continuously challenge your assumptions.
Create Shelter for Innovation	One of the biggest challenges to innovation is comfort with the status quo. Bold ideas need to be protected, and savvy innovation managers protect new projects while making sure the rest of the organization is treated with equal respect and admiration.

Source: Fiore, Alessandro Di. "A Chief Innovation Officer's Actual Responsibilities." Harvard Business Review, December 6, 2017



**Experts Agree,
Fluid Fans**

Change the Game

Traditional sports marketing — using personas and static segmentation — is inadequate in the New Age of Sports. Fluid Fans are defined by change, so the industry needs to stop focusing on just who fans are, and instead pay attention to how their behavior is fluid.

Ditch Personas Embrace Fluidity

Old Market Research Is Too Static, It's Time to Get Agile

Because Fluid Fans are open to change, empowered to choose, and continuously evolving, we need to think about them differently and design different approaches to market intelligence. It's time to think about dynamic behaviors instead of static personas.

The Traditional Way: For half a century, the sports industry has relied on static forms of intelligence to make critical business decisions. The goal was always about expanding reach.

Marketers used surveys, market personas, segmentation models to target and acquire new fans. All these methods have limitations when it comes to the dynamic nature of Fluid Fans.



The New Way: The radical shift in the Age of the Fluid Fan, is recognizing that you need to keep Fluid Fans engaged, and have something to offer them when their intentions shift.

Reach is no longer the goal. Agility through targeted partnerships and technology mastery is the new metric of success.

Meet our Target: Emily



~~Age: 25-34~~

~~Sports: NFL, NBA~~

~~Location: NYC area~~

~~Social: Instagram~~

Data to collect:

- Name
- Email
- Social
- Cell #
- Address

The Age of the Fluid Fan presents a challenge to the sports industry because it is accustomed to marketing using more static intelligence. To date, the primary research methods for informing sports industry decisions have been marketing personas or consumer behavior segmentation.

Both market personas and consumer behavior segmentation have limitations that become exposed when fluidity – that inescapable, continuous movement between behaviors – is taken into consideration.

We've all seen market persona reports, with stock photographs aside text that reads, "Hi, I'm Emily, and I like yogurt and gymnastics." The promise of these reports is that they will present you with snapshots of your consumers so you can make better marketing and sales decisions. The reality is that they are shallow representations of your consumers, who are more fully-realized and fluid. Even technology-focused personas that attempt to group consumers into categories like "early-adopters" or "cord-cutters" are too static and do not reflect the dynamism of reality.

The focus on "who are your customers" has led businesses into marketing dead-ends. It forces organizations into decontextualized strategies that inaccurately represent their consumers. It comes back to the principle that correlation does not equal causality, or in other words, just because two factors are associated, it doesn't mean one of those factors is the cause of the other.¹



After decades of watching great companies fail, we've come to the conclusion that the focus on correlation – and on knowing more and more about customers – is taking firms in the wrong direction.

What they really need to hone in on is the progress that the customer is trying to make in a given circumstance—what the customer hopes to accomplish.

This is what we've come to call the job to be done.

– Christensen et al., 2016

Des Traynor, a co-founder of Intercom, explained some of the limitations with market personas: "We were using a personas-based approach to segmentation, but it wasn't working. We had too many 'typical users' who had little in common, going by traits like demographics or job titles. Because we didn't really understand why people were coming to the platform – what they were using it for – we charged a single price for access

to the entire platform. As soon as I grasped the distinction between ‘customers’ and ‘problems people need help with,’ a light bulb went off.”² Traynor’s experience shows the importance of thinking beyond the limitations of market personas that are, by their very nature, shallow.

To respond to a dynamic audience, we need a new way of thinking. Our industry needs to focus on behaviors and the dynamics of behavior — what do Fluid Fans do, and how do Fluid Fans move from one behavior to the next?

Part of understanding fluidity, means embracing a shift from multi-channel business strategies to omni-channel ones. Multi-channel strategies focus on optimization of individual platforms for communication, while omni-channel strategies focus on the system and network of all the channels together.³

Multi-channel strategies emphasize features of specific channels, while omni-channel strategies emphasize the power of the network. The difference may seem subtle, but the consequences are significant, especially when it comes to fluidity.

Specifically, fluidity focuses on how a consumer or a fan moves between behaviors within an omni-channel network.

When an organization understands how and why their consumers move, and the technologies that push them into new behaviors, they can strategize to keep their fans in their ecosystem — to keep them from floating away.

To build on the metaphor further, you need to keep fans in your pool. The goal of a sports organization is to provide fans the behaviors and experiences they want within your omni-channel network, otherwise they will find it from a competitor.



Our industry needs to focus on behaviors and the dynamics of behavior — **what do Fluid Fans do, and how do Fluid Fans move from one behavior to the next?**

Case Study

Learnings From the Music Industry

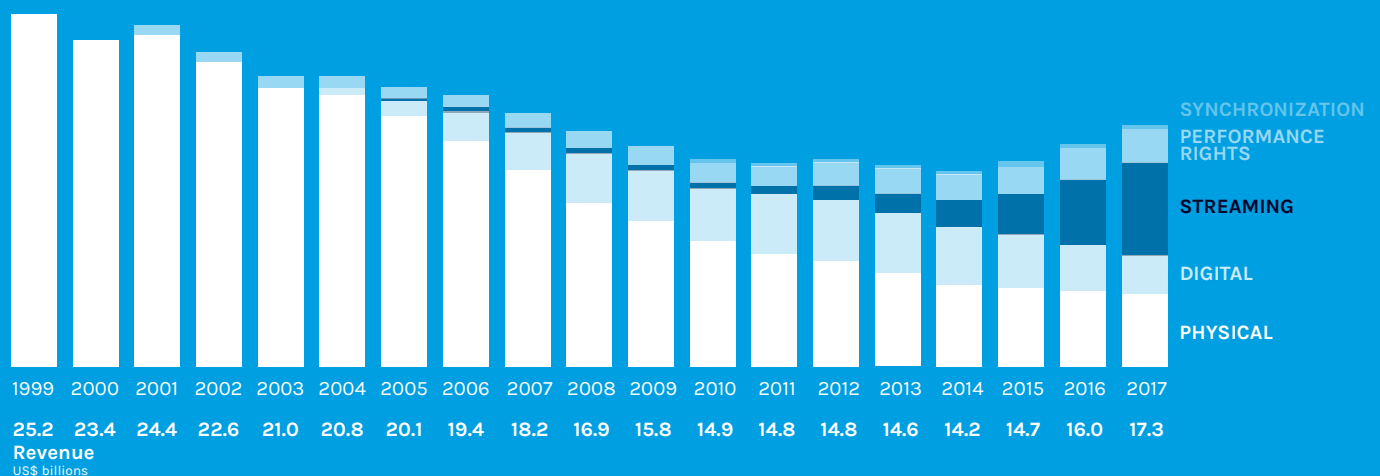
Like the music industry, professional sport makes money from tickets, concessions, merchandise, and sponsorship. Both industries are designed to optimize the live experience.

The music industry confronted digital disruption a decade before sports. The way they responded to new digital formats and distribution should help sports leaders navigate future opportunities.

So how did the music industry respond?

1. Removed barriers to music.
2. Expanded the fluid opportunities at live events.
3. Empowered consumers to personalize and define their experience.

The music industry is figuring out the demands of Fluid Fans and it's helping reverse a downward trend. The revenue growth the industry has seen year-over-year puts the global total just above 2008 levels (\$17.3 billion).⁴ That means the decline seen over some of the last decade has been reversed—the industry is back in growth mode.



The sports industry needs to take a lesson from the music industry, and explore how to use technology to support the expanding demand of Fluid Fans who are looking for new behaviors with which to engage the properties they love.

Start With

Core Behaviors

Go. Watch. Play.

In *A New Age of Sports* we identified the three core modes of engagement: Go, Watch, and Play. At the highest level, all activities a fan can undertake with, in, or around sports, are encapsulated by these pillars. Betting, watching highlights, chatting with other fans, buying tickets, going to a game, following esports, buying merchandise – all activities are connected directly to these pillars.

What's more, we explained that in the Age of the Fluid Fan, these modes of engagement are converging. With the inclusion of screens throughout a stadium, going to a live event is more like watching at home. Fans of esports can seamlessly move from watching to playing. Amateur sports are starting to become more like the professional versions of the game, converging play and go.

Driving this convergence is technology. Technology has made classic behaviors even easier, while empowering and enabling new ones. Buying merchandise has never been easier. Watching games has never been easier. Discovering new sports, leagues, teams, and players has never been easier. Finding a team to play on has never been easier.

But fluidity is not just about the ease of doing more. It's about the ability for fans to seamlessly change the way they engage, whenever they're compelled to do so. Technology makes it possible for fans to float between behaviors – moving with ease from betting, to learning, to playing, and so on. This dynamism of Fluid Fans, the fluidity that defines them, is at the heart of the convergence of Go, Watch, and Play. Whether a fan goes to the stadium, turns on an OTT stream, or laces up their skates, they expect to be able to do all three.

Only innovative technology makes that possible. Simply put, if you don't have technology and partnerships to service their needs, they will go somewhere else.

90% of multiple device owners switch between screens to complete tasks, using an average of three different combinations every day.⁵

45% of U.S. TV viewers say they use a digital device, like a phone or tablet, "always" or "very often" while they watch television.⁶

Businesses Must Identify Their Fans' Core Behavior

A common failure in business is a lack of focus which can be a challenge in the Age of the Fluid Fan, wherein consumer expectations are defined by continuous change.

So what can a business do to succeed?

Smart businesses will identify and perfect their core fan behavior that optimizes revenue: whether it is go, watch, or play there will be lots of opportunities for Fluid Fans to stray. Smart leaders will also pay close attention to the way that technology and new partnerships empower them to deliver adjacent behaviors as well. The organizations that keep strong technology ties to their core business will be able to win and keep Fluid Fans engaged.

So, What Do We Do to Prepare?

To Assess Your Power to Win, You Need to Take A Fluid Fan Diagnostic Test

How prepared is your organization for the Age of the Fluid Fan? For those who want to begin preparing today, our diagnostic helps you assess your organizational readiness then build a strategy for harnessing the Power to Win.



Diagnostic Questions:

What Fluid Fan behaviors are core to your business? Why?

How well do you support those behaviors today?

What are the most important adjacent behaviors that your consumers want in relation to your core?

Perfect Your Core, But Be Agile Enough To Win Adjacent Markets

Once organizations have optimized their core Fluid Fan behavior, they should set their sights on opportunities in adjacent markets. At Sports Innovation Lab, we've mapped those opportunities and we use our proprietary research engine to track the ways sports organizations are making build, buy, and partnership decisions to move into new areas. These decisions require prioritization of resources, development of new skills, and creative deal-making.

It's Worth the Work: Identifying New Behaviors Unlock Revenue Streams

Identifying fan behaviors creates opportunities to develop new revenue streams. Each time a fan moves from one behavior to another, they potentially enter into a new market. This creates an opportunity, and also pressure, for your business model forcing you into competition with previously non-competitive brands.

For example, in order to support a fan who wants to **learn** while **watching**, broadcasters and media companies need to adapt how they tell stories by using technology that includes data to contextualize the game. We call this behavior **learn**. It's supported by the media rights business, which is estimated to exceed \$25B in revenue in North America by 2023.⁷

Bet is another Adjacent Behavior. The global sports betting market is estimated to grow to \$155.49B by 2024, up from \$104.31B in 2017.⁸ To support this growth, fans will expect to be able to place wagers quickly and efficiently. This business will only get more complex in North America as more states legalize betting. This will open up new revenue streams; OTT streaming companies who want to dip their toe in the sports betting market should be aware of the incumbents who have already cornered the market.

Fans also move between consuming and creating content. About 49% of the world's population now use social media, and that number will only grow.⁹ The technologies that enable this user-generated content to support the behavior we call **share**.

Sports organizations must develop a business strategy that addresses the expanding behavioral demands of their consumers, without diminishing the core competency of their business. To do that, sports businesses must assess their **Power to Engage** the Fluid Fan.

To Succeed, Embrace Fluidity

In 2019, we introduced the sports industry to the concept of a Fluid Fan.

We showed that technology is playing a major role in the formation of our sports fan identities and communities.

Now we've shown you that innovation technologies aren't just making our lives easier, they are enriching and expanding the very possibilities of who we are and what we do. Our behaviors are changing and evolving seemingly overnight.

To keep pace, it is essential that our industry embrace the concept of fluidity and evolve to meet the expanding expectations of our audiences.

1) Christensen, C., Hall, T., Dillon, K. and Duncan, D. "Know Your Customers' 'Jobs to Be Done.'" *Harvard Business Review*. September, 2016.

2) *Ibid*.

3) Manser Payne, Liz & Peltier, James & Barger, Victor. "Omni-channel marketing, integrated marketing communications and consumer engagement: A research agenda." *Journal of Research in Interactive Marketing*. 11. 185-197, 2017.

4) International Federation of the Phonographic Industry. "Global Music Report 2018: Annual State of the Industry." 2018.

5) Gevelber, L. "The Shift to Constant Connectivity." Think with Google. May, 2013.

6) Nielsen. "Total Audience Report Q2 2018." December, 2018.

7) PwC. "2019 PwC Sports Outlook: At the gate and beyond." November, 2019.

8) Zion Market Research. "Sports Betting Market by Platform, by Type, and by Sports Type: Global Industry Perspective, Comprehensive Analysis, and Forecast, 2017-2024." December, 2018.

9) We Are Social & Hootsuite. "Digital 2020: Global Digital Overview." January, 2020.

Who Will Have the Power to Engage

in the Age of The Fluid Fan?

Brands that develop the Power to Engage will rely on a network of complementary partnerships with technology providers, leagues, teams, and venues.

Partnership Power: No company can innovate alone - innovation requires an ecosystem of partners that empower different parts of the fan journey. We call this the Partnership Power and it is demonstrated by:

1. Validation from the leagues, properties, venues, and complementary solution providers who matter.
2. Amplified reach through the partner network. Partnerships provide rights-protected content. Provide access to venue platforms and live audiences. Share data and work together to co-develop new experiences.

Technology Power: Each Fluid Fan behavior is enabled by technology products and services. Leaders know which technologies are aligned with these behaviors and have clear build and buy strategies. We test how closely brands are associated with these technologies. It's not easy to fake. Brands either have the skills and organizations to walk the walk or they don't.

Engagement Power: When brands develop Partnership Power and Tech Power, they have Engagement Power. Most importantly, when brands have the Power to Engage and that power is aligned with a core behavior, they have the Power to Win the Fluid Fans.



Sports Innovation Lab empowers sports brands to create breakthrough fan experiences through technology.

Sports Innovation Lab is leading a sports research revolution. We exist to educate our clients on the technological possibilities for their brand and how to ultimately drive value to the end consumer: the Fluid Fan™. We inspire brands to create bold fan experiences through data-driven technology insights and industry-leading research.

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