

NIelsen SPORTS

GAME CHANGER: RETHINKING SPORTS EXPERIENCES FOR GENERATION Z



INTRODUCTION

If traditional sports don't evolve, declining attendance and viewership will accelerate, because Generation Z, which for the purposes of this report we define as the 16-24 age group, is coming of age.

The best sports properties in the world will succeed in the long run by understanding the wants and needs of Generation Z and transforming themselves so they can attract and engage fans for years to come.

The professional sports landscape faces serious headwinds with the teens and young adults who grew up simultaneously holding security blankets and smartphones. Generation Z has high expectations for entertainment experiences, and it's a mistake to believe they will automatically grow to love the same sports as their parents and grandparents. Not only do their tastes in sports differ, they consume them differently than older generations.

"There are already many examples of sports such as cricket, basketball, American football and motorsports evolving their rules and formats to improve the pace of play, reduce commercial break times and minimize timeouts. Leading rights holders are also adjusting how they distribute their content to adapt to the needs of Generation Z, and this will only accelerate in the future."

- Mike Wragg, Global Head of Research, Nielsen Sports

Properties face another dilemma with Generation Z: individual athletes are a much bigger draw than teams or leagues. Loyalties shift as personalities move around throughout their careers. Two of the biggest names in global sports demonstrate this phenomenon.

- European footballer Cristiano Ronaldo has **three times as many social media followers** on Instagram and Twitter as his team, Juventus, and league, Serie A, combined.
- American basketball phenom LeBron James has three times as many followers on Facebook, Twitter and Instagram as his current team, the Los Angeles Lakers, and **11.6 million more than his league**, the NBA.

This presents both a challenge and opportunity for sports properties and marketers as they leverage the power of athlete ambassadors to connect and engage with young fans.

Through Nielsen Fan Insights™, this is what we know will shape the industry going forward. The following is a collaboration between Nielsen Global Media, the source of One Media Truth™, and Leaders, a global networking organization that specializes in connecting people and ideas through the business of sport. We examine how Generation Z sports fans differ from their predecessors in interests, media consumption habits, entertainment preferences and purchase behaviors.

BUSTING MYTHS ABOUT GENERATION Z SPORTS FANS

By analyzing Nielsen Fan Insights™ from China, France, Germany, Italy, Japan, Spain, the U.K. and the U.S., we can do some myth-busting about Generation Z sports fans relating to their attention spans, loyalty, content consumption, purchase power and physical activity.

MYTH ONE

Gen Z consumers have short attention spans

For starters, this age group doesn't collectively have a short attention span. This selective, multitasking audience appreciates quick pace-of-play sports, such as basketball, football (soccer), extreme sports and mixed martial arts, more so than less action-packed competitions like baseball and golf. This generation prefers shorter, snackable content is preferred over entire games or matches with long periods between lead changes and scoring.

MYTH TWO

Gen Z isn't loyal

Generation Z is more loyal to individual athletes than teams or leagues, and it places loyalty on brands with social values that align with their personal beliefs. However, this age group has also demonstrated an openness to change team fandom and more willingness to pledge allegiance to teams outside of their local geographic areas wherever they live in the world.

MYTH THREE

Gen Z doesn't have disposable income

It is a mistake to assume this youthful segment doesn't have strong buying power. On the contrary. While they're less likely to be paying rent or a mortgage, and are often still living with parents, this group has disposable income to spend on luxury accessories.

MYTH FOUR

Gen Z isn't willing to pay for content

They're often cord cutters, but they are willing to pay for quality sports content. Members of Generation Z are more selective and want to pick and choose which sports events they pay to see. Also, they're more adept at finding the most affordable ways to stream content.

MYTH FIVE

Gen Z isn't physically active

Generation Z is not composed of lazy couch potatoes any more than other generations. In fact, these teens and young adults actively play basketball and football (soccer) more often than those ages 25 and older.

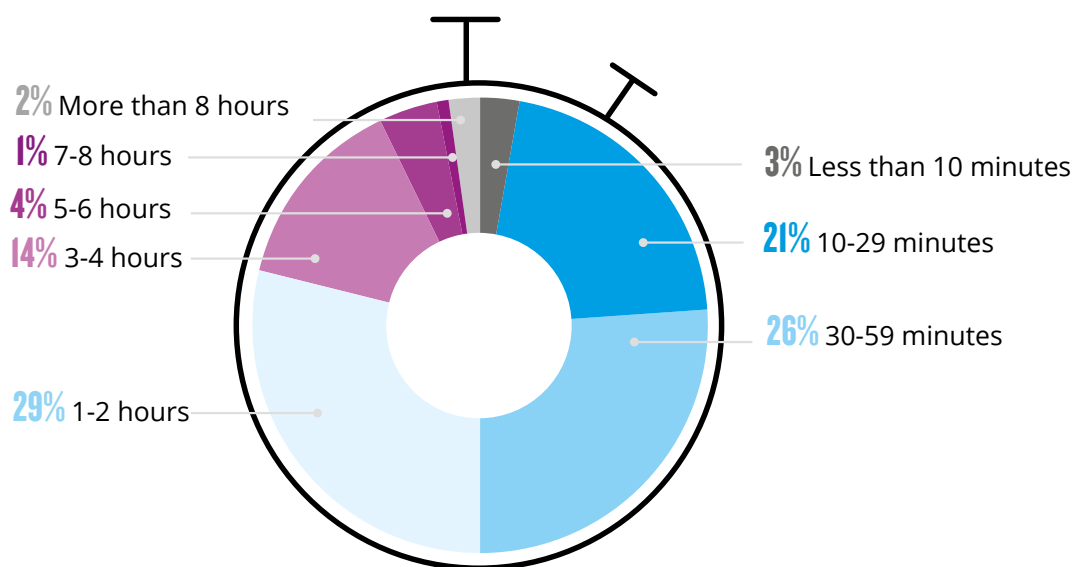
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THE TRUTH ABOUT GENERATION Z SPORTS FANS AND ATTENTION SPANS

You often hear that Generation Z consumers have short attention spans. It's evident that the rise of short-form videos, bite-sized newscasts and podcasts has accelerated because of this generation. However, this is also the generation that ignited the trend of spending countless hours binge-watching entire seasons of shows on subscription video on demand (SVOD) services. Attention span doesn't appear to be a problem with Generation Z — it's about the quality of content, interactive opportunities and the overall entertainment experience.

Another example that busts the myth about short attention spans is the viewing of gaming video content—not playing, but watching others compete and commenting in real time. According to a survey of gaming video content viewers by SuperData, a Nielsen Company, 29% of the respondents under age 25 said they watched continuously for one to two hours, and 14% watched three to four hours at a time.

GENERATION Z AND GAMING VIDEO CONTENT VIEWING



Source: SuperData GVC Omnibus Survey, August 2018 (U.S. market)

With engagement and interest in mind, leading sports organizations are adapting to Generation Z by creating snackable, interactive content that can grab their attention and drive engagement in a cluttered world.

"If we provide those snacks to our fans on a free basis, they're still going to want to eat meals — which are our games."

- Adam Silver, NBA Commissioner

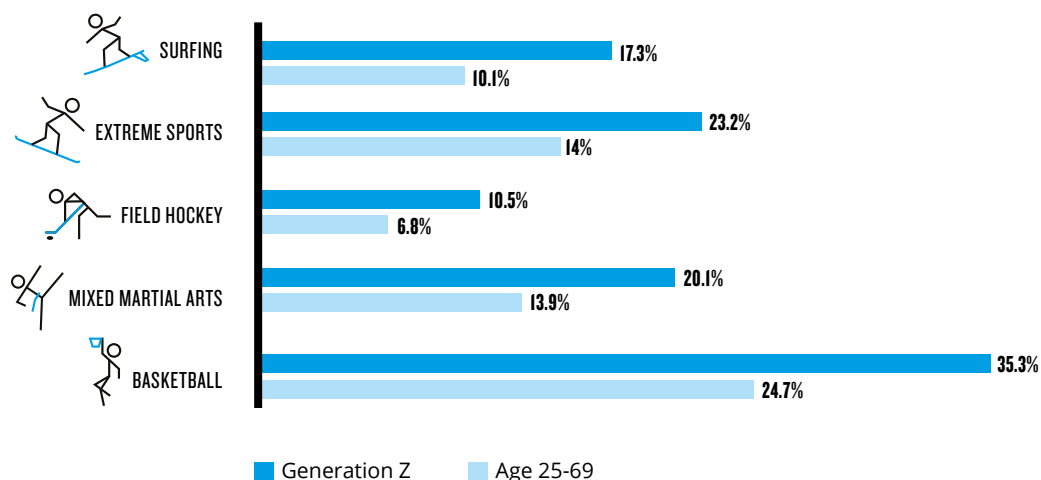


GENERATION Z SPORTS INTERESTS

Football (soccer) and basketball are the most popular sports globally across all age groups. The universal love of football spans generations and genders. As a whole, Generation Z is more likely to be fans of any sport than those ages 25 and older. **However, sports with a faster pace of play are better at attracting the interest of Generation Z fans.** The biggest differences we see in fandom between age groups (where Generation Z overindexes the most) include surfing, extreme sports, field hockey, mixed martial arts and basketball.

GENERATION Z SPORTS INTEREST

Percent of general population “interested” or “somewhat interested” in the following sports

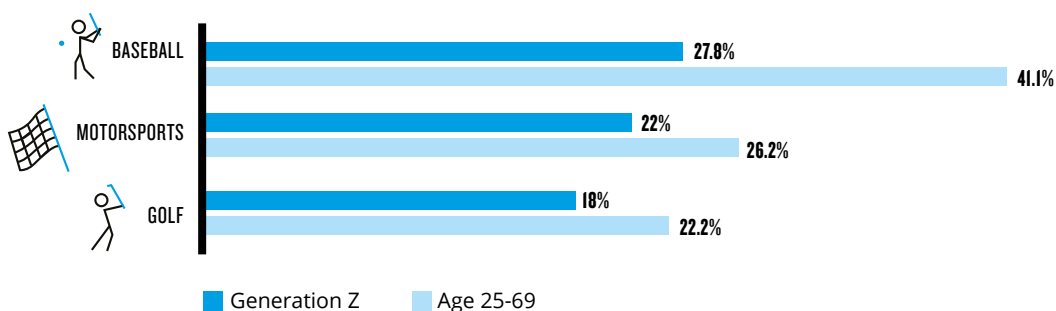


Source: Nielsen Fan Insights: 2019 (China, France, Germany, Italy, Japan, Spain, U.K., U.S.)

Sports facing challenges with Generation Z engagement in the U.S. include baseball, motorsports and golf. But professional rights holders of these sports have taken action to buck the trend. For instance, NASCAR started providing stage breaks and split-screen commercials. Major League Baseball has introduced changes to speed up games by reducing down time between innings and during pitching changes. And the PGA Tour has relaxed its fan policy to allow smartphones along the course to capture videos and pictures for sharing on social media.

GENERATIONAL DIFFERENCES IN SPORTS INTEREST IN THE U.S.

Percent of those interested in the following sports



WAYS OF WATCHING SPORTS

Streaming has forever changed how sports fans consume content, as well as how properties sell and distribute their content rights. Streaming has also provided a more accessible platform for emerging sports that are popular among Generation Z but don't have television broadcast partners.

China has the highest percentage of fans choosing to stream sports content versus watching on linear television, and members of Generation Z are twice as likely to be sports streamers as their older counterparts.

"Generation Z in China was born and raised in the digital age with unprecedented IT technology, infrastructure, a privileged economic environment and fast-growing digital media platforms. Their daily lives are rooted in the Internet, smartphones, OTT and social media apps. The high rate of consumers who never watch TV but do stream sports is just a reflection of their identity and not a surprise."

- Yang Zhao, Head of Commercial, Nielsen Sports China

Sports streaming in the U.K. and Germany is gaining ground, and these two countries have the largest generational differences in streaming. This reflects broader trends in streaming media consumption outside of sport. Japan has a low percentage of exclusive streamers across all age groups.

"Despite the arrival of a strong streaming player like DAZN, which entered the market in 2017, there is still a strong source of live sports and sports content available through FTA and cable services. Many Gen Z and other generations still feel they are well served through traditional channels they have used for many years."

- Nicholas Bruce, Executive Director, Nielsen Sports Japan

"DAZN continues to acquire rights and partner with many of the biggest and best leagues for both domestic and international content. Traditional broadcasters and players such as Rakuten are expanding their streaming offering, but there is potentially less demand for it than you may find in other markets. The expansion of 5G off the back of the Tokyo Olympic Games may also have some impact in the market in the future." - *Nicholas Bruce*

While Japan is in the early stages of streaming adoption, recent investments in sports streaming from DAZN and other organizations there should trigger fast growth.



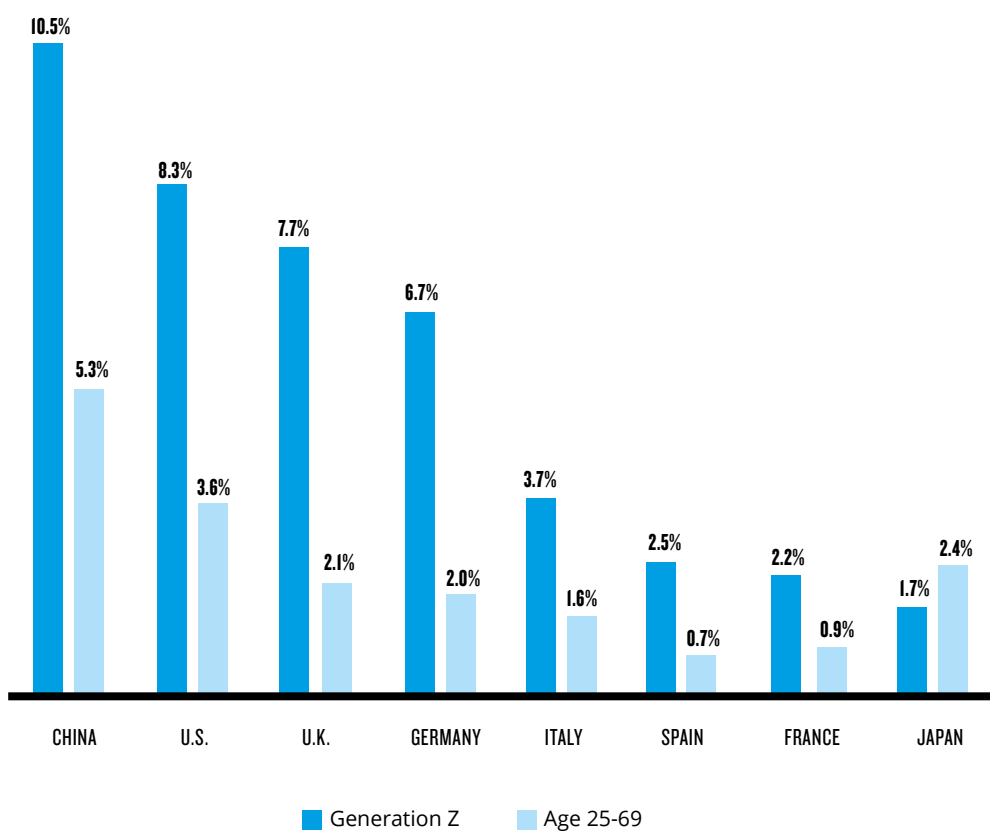
GENERATION Z
SPORTS FANS ARE
TWICE AS LIKELY TO
WATCH SPORTS ON
STREAMING SERVICES
AS THEIR OLDER
COUNTERPARTS.





STREAMING SPORTS

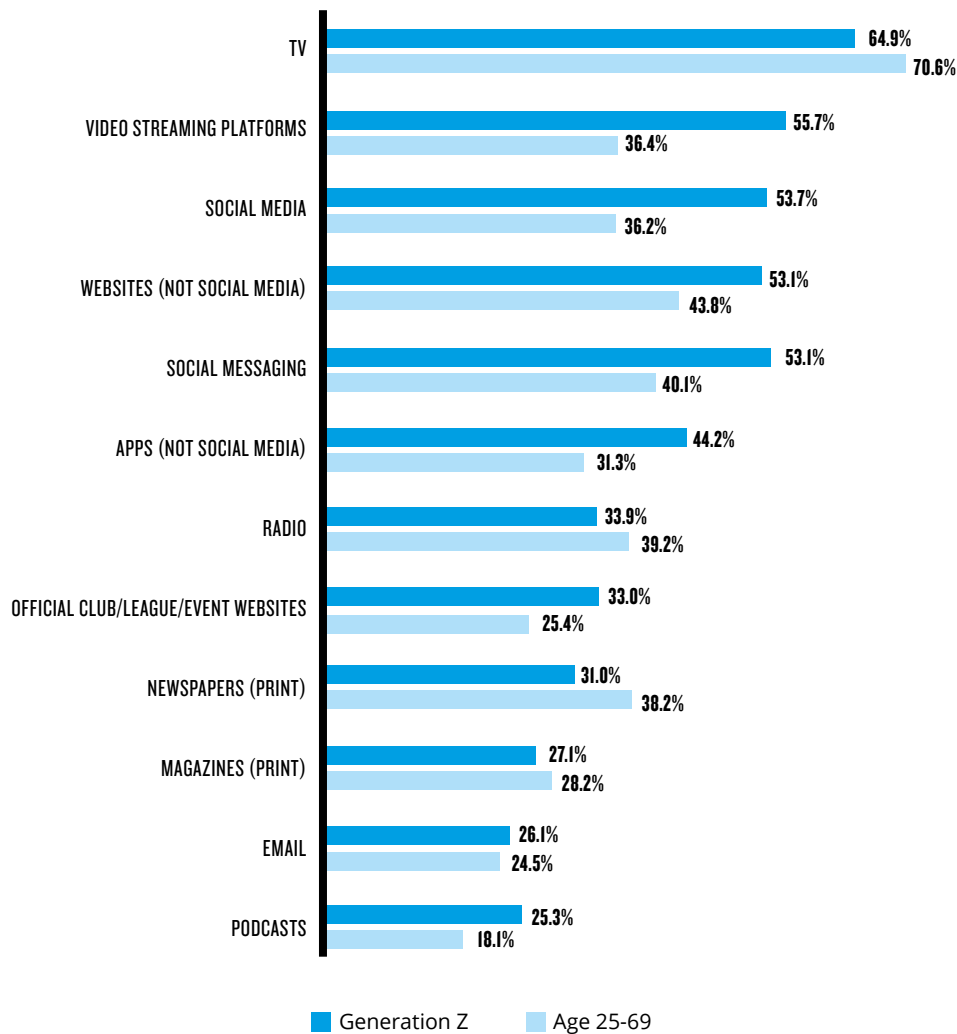
Percent who never watch television but do stream sports



TELEVISION IS STILL THE LEADING SOURCE FOR SPORTS INFORMATION, REGARDLESS OF AGE

Ages 25-69 rely more heavily on television, radio, newspapers and magazines than Generation Z. These traditional media formats are easily accessible to members of Generation Z still living with parents. But once out on their own, these younger sports fans are more likely to become cord cutters and forego subscriptions and physical media. Over the past year, several major sports publications have turned to digital-only editions or eliminated print publications and doubled down on digital and social media reporting resources in response to this trend.

USE THE FOLLOWING MEDIA FOR NEWS ABOUT SPORTS

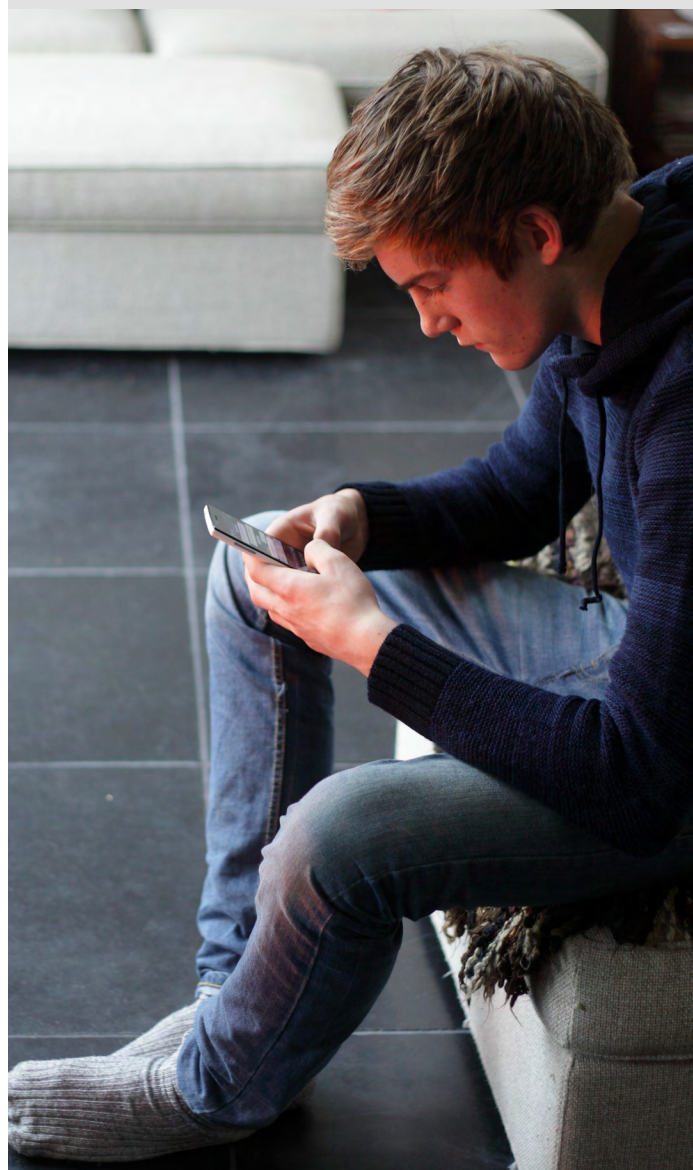


Video streaming, social media, websites, apps, social messaging, email and podcasts are more popular with Generation Z than their older counterparts.

In order to connect and engage with Generation Z, sports media need to utilize social and digital channels and podcasts. Social media platforms have gotten into the sports distribution business by delivering highlights, behind-the-scenes content and even full games.

Bleacher Report's House of Highlights recently converted online followers to "in real life" brand evangelists. Bleacher Report's House of Highlights Instagram (IG) account has more than 14 million followers (more than half of whom are under 24 years old). By understanding how Gen Z engages on a platform like Instagram, House of Highlights has been able to capitalize on its IG followers with a new show on YouTube and Twitter as well as a branded basketball camp for youth ages 10-13.

On stage at the Leaders Sport Business Summit in London, Facebook's Director of Global Live Sports Partnerships and Programming Peter Hutton discussed the changing ways in which young fans consume sport.



"The most important thing we do in sport is bring that new audience in and talk to an audience that doesn't necessarily want to watch full-form games, but wants to snack. They still care. They're still a fan, and they still want information every day, 365 days a year. I think we perform a really useful role in that space, and I think that also allows sponsors to activate on the platform."

**- Peter Hutton,
Director of Global Live Sports Partnerships and Programming,
Facebook**

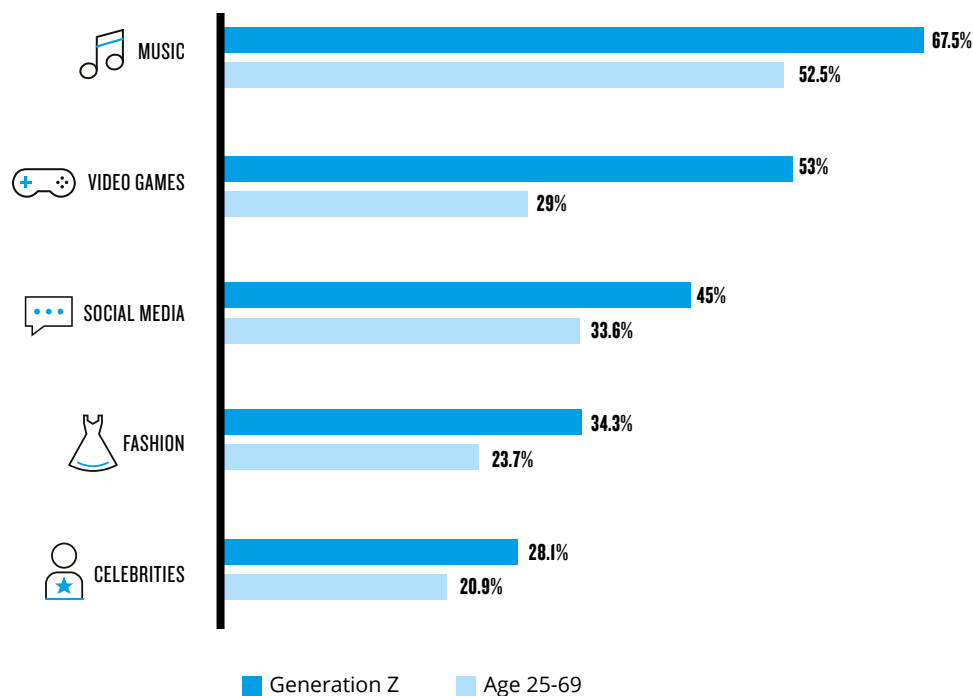
GENERATION Z IS THE DRIVING FORCE BEHIND THE “FESTIVALIZATION” OF SPORTS

Sports properties are no longer competing against other teams and leagues for the attention of Generation Z. Resurgent music festivals like Coachella, pop-up experiences like the Museum of Ice Cream and events like TwitchCon satiate Generation Z's appetite for killer experiences.

As a result, sports teams and leagues must reimagine sporting events and create unique entertainment experiences worth the time, attention and price for Generation Z. Event producers looking to attract Generation Z should consider the draw of celebrities, fashion, music, food and video gaming. Those leading the way have embraced the festivalization of sports by adding features like concerts, food festivals and shopping to turn live sports experiences into more of a festival-like atmosphere.

Forward-thinking sporting venues are also making upgrades to appeal to Generation Z by adding more flexible seating/standing viewing options and diverse, affordable food and beverage options. Sharing the live event experience is critical for Generation Z, so having good Wi-Fi connectivity and mobile phone service is also a must.

ENTERTAINMENT INTERESTS

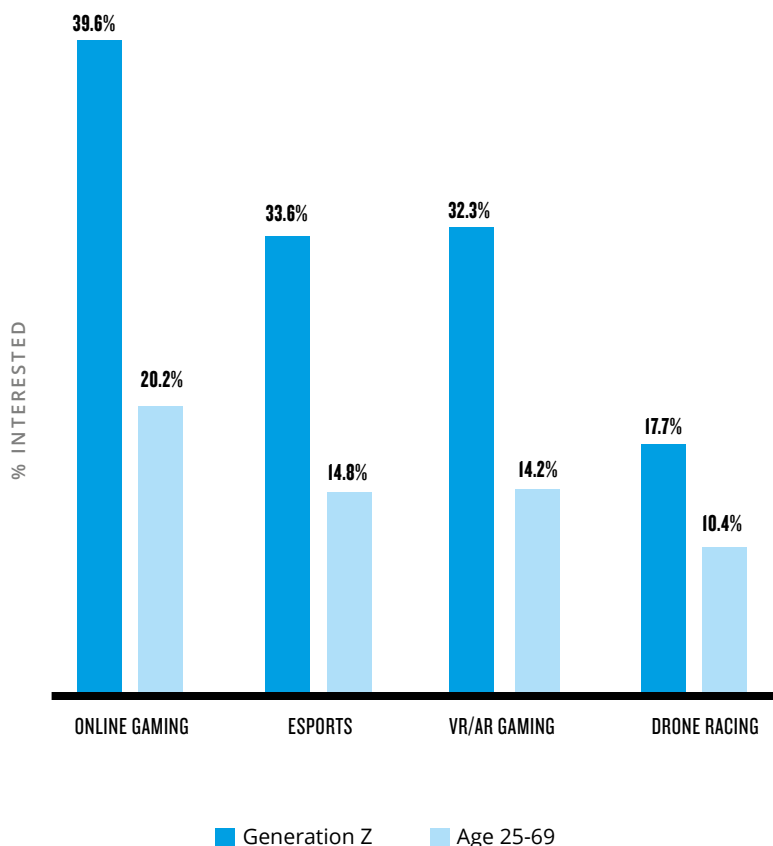


TECH TIES ENHANCE SPORTS EXPERIENCES FOR GENERATION Z

Competitions with a tech tie-in are significantly more popular with Generation Z than with their older counterparts. As a result, many traditional sports leagues are making efforts to integrate esports competitions and online gaming into the entertainment experience.

One of the global leaders in this area has been Formula 1, which launched its esports series in 2017 and has expanded it since. In a formal announcement about the partnership, Sean Bratches, Managing Director, Commercial Operations at Formula 1, said, "The potential within this space is extremely exciting as a commercial opportunity, but more importantly, as a way for the sport to engage with the next generation of motorsport fans."

TECH TIE-IN EMERGING IN SPORTS



During the Leaders Sports Business Summit in London, Andrea Agnelli, Chairman of Serie A champions Juventus, cut to the heart of the Generation Z challenge facing sports properties.



"We now have to tackle what's going to be a shift in consumer behavior. The digital natives are entering adulthood. Our competitor today is not necessarily other sports clubs or the next country. It's League of Legends, esports or Fortnite. Those are our competitors going forward."

**- Andrea Agnelli,
Chairman,
Juventus**



GENERATION Z IS
25% MORE LIKELY
TO HAVE RECENTLY
PURCHASED A
LUXURY ACCESSORY

A NEW GENERATION OF SPORTS SPONSORSHIPS

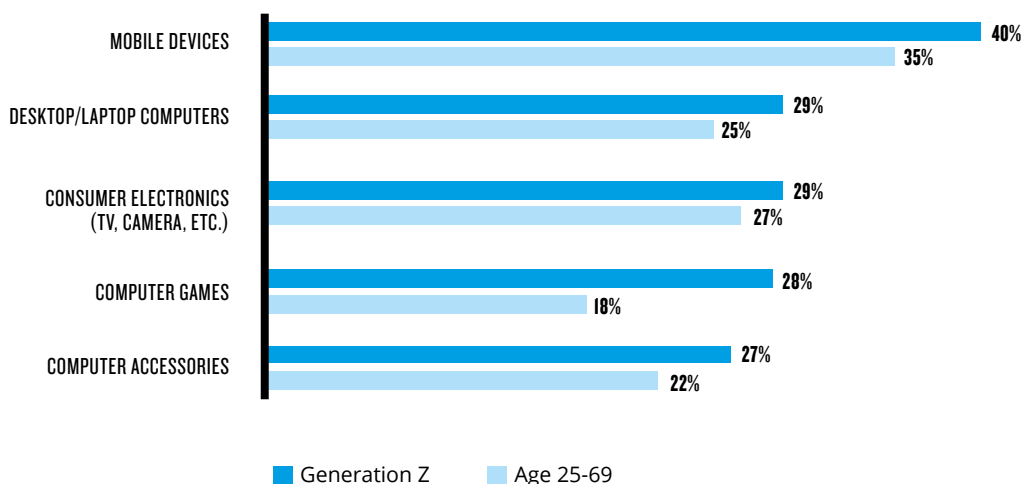
As we look at which sponsorships are most appealing to Generation Z, consider that this generation is 25% more likely than the age 25-69 group to have bought a luxury accessory (such as a handbag, jewelry or watch) in the past few weeks and 16% more likely to own or have purchased a luxury accessory in the past year. So Louis Vuitton's partnership with Riot Games' League of Legends esports competitions and Tissot's sponsorship as the official watch of the NBA make perfect business sense.

Members of Generation Z aren't as excited about some "adulting" product categories that dominate sports sponsorship, such as insurance, financial services and health care. However, interest in social responsibility and sustainability is high, with Generation Z being 23% more likely than ages 25-69 to have used or to intend to use with renewable energy. Generation Z is a driving force behind new sponsorship categories, including rideshare services like Uber and Lyft, and online marketplaces for home sharing. For example, Airbnb recently signed a multiyear deal with the International Olympic Committee (IOC) to provide accommodations to host cities through 2028.

Generation Z overindexes on spending in all tech categories. To no surprise, Generation Z is most likely to own smartphones, as they also serve as the computers, gaming devices and video screens for the youngest consumers. Computer games are much more popular with the younger age group, and mobile devices make up the highest ownership and recent purchases for all ages.

TECHNOLOGY PURCHASES

Percent who own or purchased in last 12 months



COUNTRY CLOSE-UPS

Up to this point of the report, we have looked at the weighted totals from countries in Europe, Asia and the Americas included in the Nielsen Fan Insights™ foundational study. But Generation Z in each country has unique characteristics and behaviors for sports properties and sponsors to consider.



60% in the U.K. use streaming platforms to watch sports

19% regularly play football

31% currently own or recently bought luxury accessories

Generation Z sports fans in the U.K. are master multitaskers. While watching sports:

 **74%** use social media

 **58%** play online games

 **55%** check or write emails



75% use apps while watching sports, the highest percentage of countries surveyed



75% use WhatsApp to get news and information about sports

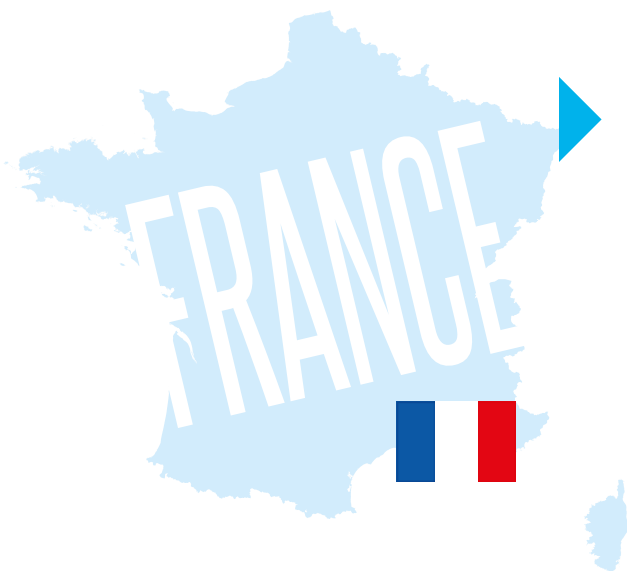


2X as likely to listen to a podcast for sports news/information as their older counterparts



37% are interested in politics, compared to the average of 21%





72% in France send text messages while watching sports, the highest percentage among peers in other countries



67% of Generation Z watch sports on free-to-air TV, a slightly higher percentage than the older generations within the country



38% are interested in extreme sports, the highest concentration among countries surveyed

73% in Italy use social media while watching sports

Generation Z sports fans use the following social media platforms for sports news and information, higher than their peers in other countries:

82% use YouTube

80% use Instagram

69% use Facebook

Generation Z has the highest interests in travel and motorsports



81% are interested in travel



40% are interested in motorsports



The percentage of Generation Z in Spain using Twitter for sports is higher than in other countries



57% of Generation Z uses Twitter for sports news and information

Online game use while watching sports is second to the U.K.



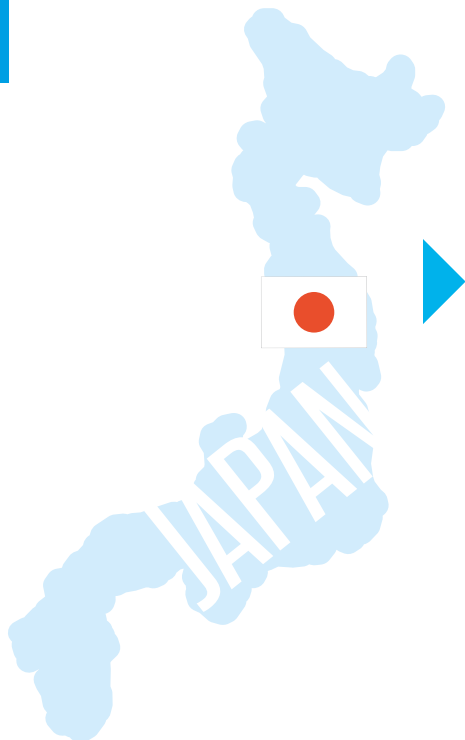
57% play online games while watching sports

Italy has Milan, but Generation Z in Spain is even more interested in fashion than their neighbors to the east



49% are interested in fashion





"America's Favorite Pastime" of baseball is the most popular sport among Generation Z in Japan, higher than in the U.S.



32% are interested in baseball

Generation Z is less likely to listen to podcasts or radio than their peers in other countries



9% listen to podcasts for sports news



13% use radio

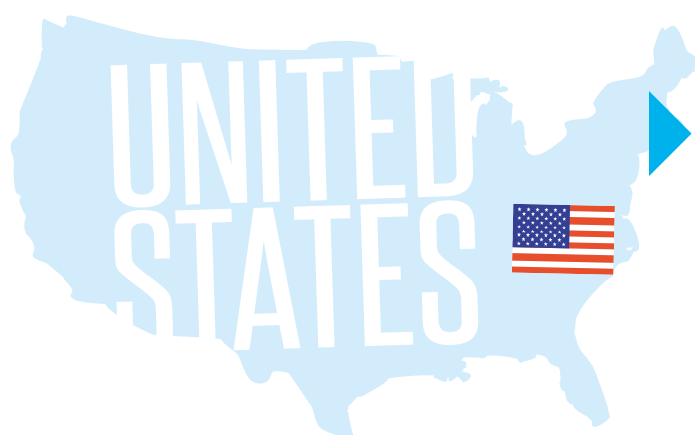
2X Generation Z members in China are twice as likely to play basketball as their older counterparts

31% are interested in badminton, the highest percentage of countries surveyed

Generation Z fantasy sports participation is lowest among countries surveyed

8% participate in daily or weekly fantasy sports

9% participate in seasonal fantasy sports



2X Generation Z members in the U.S. are twice as likely to play soccer and basketball as those ages 25-69



13% regularly play soccer



12% regularly play basketball



42% are interested in American football, compared to 53% of those ages 25-69



34% are interested in soccer, compared to 25% of older adults



55% are interested in food festivals, the highest percentage among countries surveyed



66% are interested in playing video games, the highest percentage among countries surveyed

CONCLUSION

So it turns out that Generation Z is actually energetic, super-selective and engaged — just not always engaged with the same things that older generations have focused on. They do have disposable income to spend if the value proposition is right. They'll gravitate towards a mix of long-form and snackable content, and for them, sports sits within the competitive set of the entire entertainment spectrum — especially games, streaming influencers, fashion, box sets and music festivals.

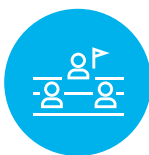
But while they are engaged with the world of sport, they do not fit neatly into the “hard-core sports fan” persona that much of the sports marketing industry has been built to target. This generation has grown up with a base expectation that they will be able to participate socially and creatively with content, rather having to experience it passively by watching broadcast TV.

“Our view is that the traditional tactics for driving loyalty and monetization of hard-core sports fans will become less useful in competing for the attention of this new generation,” said Mike Wragg, Global Head of Research, Nielsen Sports. “Rather than fighting the decline of the core, it may be more rewarding to re-think how to engage the much larger population of more peripheral Generation Z fans.

“Generation Z manifests differently across major countries around the world, but any new approach should center around digital accessibility, creative/social interactivity and positioning sport firmly in the context of the broader entertainment choice,” Wragg said. “Sports properties who are successful at this may well still have fewer core fans as Generation Z grows up, but they will have an unprecedented opportunity to grow their share of attention with a much wider audience.”

THE MOST COMPREHENSIVE FAN DATA ON THE PLANET

Nielsen Fan Insights™ makes it easier for researchers, sponsorship managers and event organizers to quickly access and view on-demand analytics to understand what makes fans tick — their media consumption patterns, demographics, brand affinity and purchase habits.



Global Platform

Gain a deep understanding of your fan base across sports leagues, events and teams from a single, comprehensive platform.



Brand Insights

Strategically identify and assess partnership opportunities based on the tracking of brand metrics directly tied to fan segments.



Sponsorship Impact

Benchmark the impact of sponsorship activations among fans exposed to those partnerships.



Integrated Purchase Data:

Analyze brand ownership and retail purchase data alongside fan research.

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