

Deloitte.

Redefining home
field advantage

A game plan for
enhancing fan
engagement



Executive summary

Home field advantage is no longer simply packing a stadium or arena with your best fans. It's about engaging distinct groups of fans inside and outside the game venue, during winning and "rebuilding" seasons, 365 days a year. No two sports fans are alike, and sports organizations should be agile in adapting and evolving their offerings to address different fan segments. Based on learnings from Deloitte's survey on fan engagement in sports, we have identified moves teams and leagues can make to connect and deepen their relationship with fans.

- **Know your target:** To design effective engagement strategies and programs, teams must be clear—and specific—regarding the fans with whom they seek a relationship.
- **Make it personal:** Programs designed to speak to everyone run the risk of speaking to no one.
- **Think holistically about experience:** The live game experience is a focal point for fan interaction. What lies beyond it?
- **Engage year-round:** Meaningful relationships don't start and stop with the sports season.
- **Recognize loyalty:** Teams should find ways to recognize, reward, and record each fan interaction.

In 2015, Deloitte conducted primary research with more than 4,000 adult US professional sports fans whose interests span the five major US leagues (MLB, NFL, NBA, NHL, and MLS).

We asked them about their attitudes and behaviors—in-season and off-season, in-stadium and out—to explore the links that bind affinity and engagement for professional sports fans and to understand how teams and leagues should continue to evolve their approach to fan engagement in order to create greater value for fans and teams alike.

Introduction

Have you ever described yourself as a “fan” of a restaurant or an automobile brand? When two celebrities are at odds, are you on one “team” or another? This language of “fans” and “teams” permeates our culture in part because sports loyalty is such a powerful and long-established sentiment. The popularity of particular sports may change over time, but today’s fans of baseball, football, basketball, hockey, and soccer have antecedents in the people who pledged their support to Roman gladiators, early Olympians, and jazz-era racehorses.

The natural loyalty that exists in the realm of sports is something that brands in other industries look to with envy—but sports loyalty is not unwavering. Winning streaks alternate with losing streaks, and good seasons can be followed by disappointing ones. Unlike most consumer businesses, the business side of sports organizations only have so much control over the performance of their underlying products. And no matter how rewarding a season may be, it always ends—leaving sports organizations with an annual break in the action that few other industries face.

Sports teams are competing for attention and revenue in an increasingly crowded entertainment space, which amplifies the challenges these seasonal swings and other hurdles present. Today’s fans have an almost infinite number of entertainment opportunities at their fingertips,

which may contribute to limited patience for options that don’t deliver their desired experience. In this competitive environment, sports teams can no longer rely on the field of play to define fan engagement. They must appeal to a broader group of fans that stretches beyond the hardcore fan base and looks more like the general population than it ever has. To drive engagement that survives off-seasons and down seasons and extends from generation to generation, teams should consider a more strategic, data-driven, and nuanced approach to the way they understand—and develop experiences for—their evolving fan base.



In April 2015, Deloitte fielded a survey to approximately 4,000 sports fans over the age of 18 in the United States. Based on their self-reported affinity level, survey respondents were asked to answer questions regarding their loyalty, engagement, and spend for up to three distinct sports leagues. The analysis presented in this paper is based on 9,159 league-level responses across five multi-team leagues: the NFL, MLB, NBA, NHL, and MLS. The full survey included additional responses on subjects not relevant to this analysis; these responses are excluded for the purposes of this analysis but may be evaluated separately.

Stranded on base

Based on learnings from Deloitte's survey of 4,000 US professional sports fans, we explored:

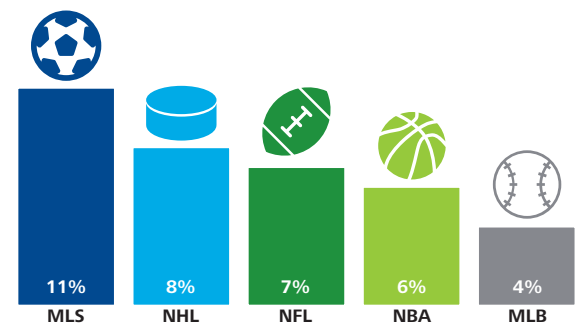
- The insights and value potentially left on the table by the traditional approach to fan segmentation and prioritization used in the sports industry
- The changing preferences and expectations fans have for higher levels of engagement
- Actionable steps teams and leagues can take to enable a more strategic approach to fan engagement

Historically, sports organizations have developed engagement initiatives and membership programs to stay connected with fans; this includes kids clubs, rewards programs, and fan experience opportunities, with most teams providing more than one. Invariably a major focus of these engagement activities and membership programs is the season ticket holder, which is natural: the season ticket holder is the team's most consistent consumer and most reliable source of revenue. Even setting aside their annual investment in tickets, our research reveals that season ticket holders spend five times as much money as non-season ticket holders on non-ticket purchases from sports organizations or authorized partners.

But this natural emphasis on the season ticket holder experience is not necessarily one that maximizes value—revenue and otherwise—for teams. Even a best-in-class program aimed at engaging (new and potential) season ticket holders may neglect the majority of the fan base by definition. In each of the five major US sports leagues, season ticket holders make up only a small fraction of the surveyed fan population, and a much smaller percentage of the population when you consider the broader base of potential fans.

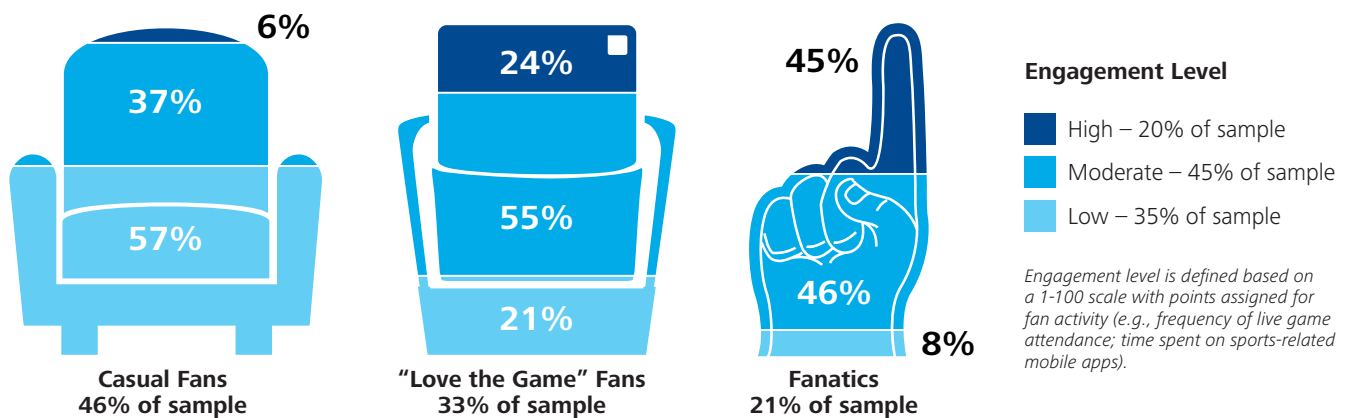
An additional problem exists in the fact that today's fan engagement initiatives—regardless of whether they are designated for the season ticket holder or more generally for the broader fan base—are, in general, disconnected offerings designed to cater to what teams perceive to be the “average fan.” But our research indicates that the conception of the “average fan” at various levels of engagement may be misguided.

In each of the five major leagues, the season ticket holder base represents only a small subset of the active fan base surveyed.



When looking at fan base archetypes, a few stereotypical images emerge: at one end of the spectrum, the face paint-covered fanatic who can't get enough (*Fanatics*); in the middle, enthusiasts who take in games whenever they can ("*Love the Game*" Fans); beyond that, a mass of casual fans who see games as a nice way to pass an afternoon but rarely go out of their way to actively engage (*Casual Fans*). Based on our survey respondents, we plotted self-reported fan affinity (where fans self-reported one of these three affinity levels) against fan behavior (game attendance, remote viewership, and other forms of engagement) to help understand where these archetypes might fall short. One would expect fans to fall along the diagonal from low-engagement casual fans to highly engaged fanatics—and, across affinity levels, 54 percent of fans surveyed do. But this also means that nearly half of fans don't engage in the way their level of "fandom" would lead one to expect.

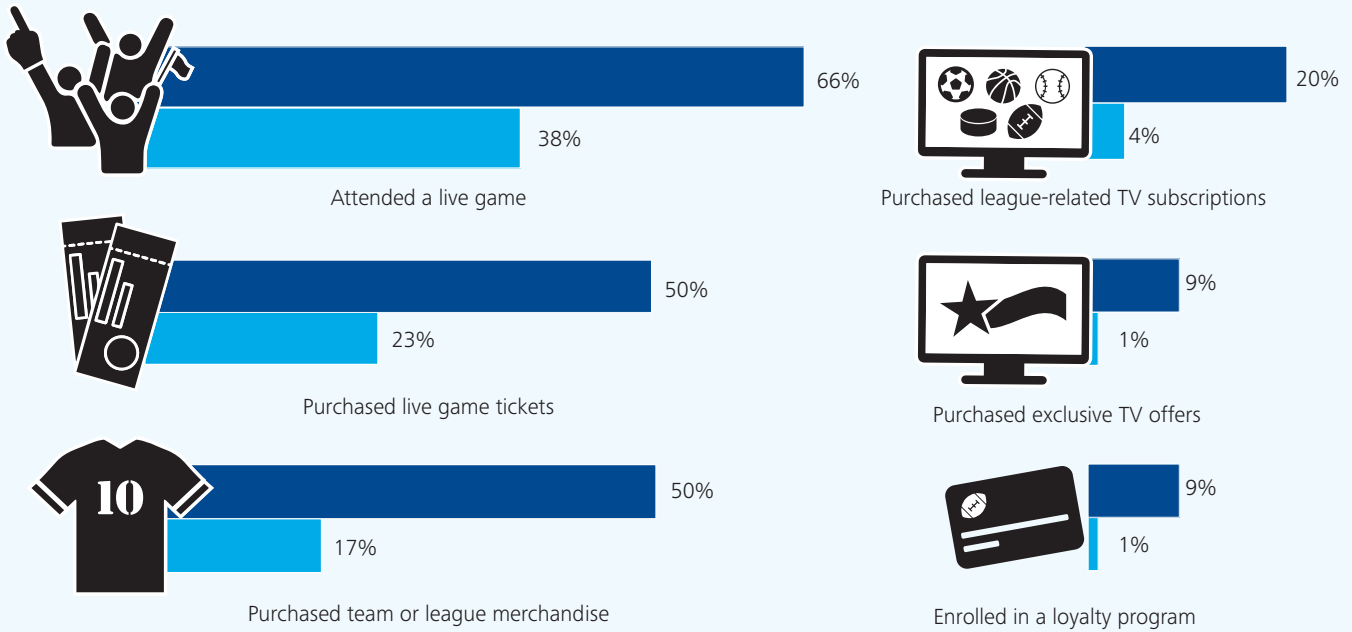
Simple segmentations rarely capture important nuances. Here, based on survey data, it is clear that something other than team spirit is determining which of these fans spend a little and which of them spend a lot—in terms of both money and time. Different fans want different things, and those differences don't necessarily correspond to a person's level of "fandom." These anomalies, such as low-engagement fanatics and highly-engaged casual fans, exist irrespective of income levels and reveal a surprising degree of complexity in the world of fan affinity and engagement that one can't fully explain by looking at these variables or season ticket ownership alone. But the anomalies also highlight an opportunity that sports organizations and leagues can tap into with focused, targeted analysis and initiatives that begin and end with data.



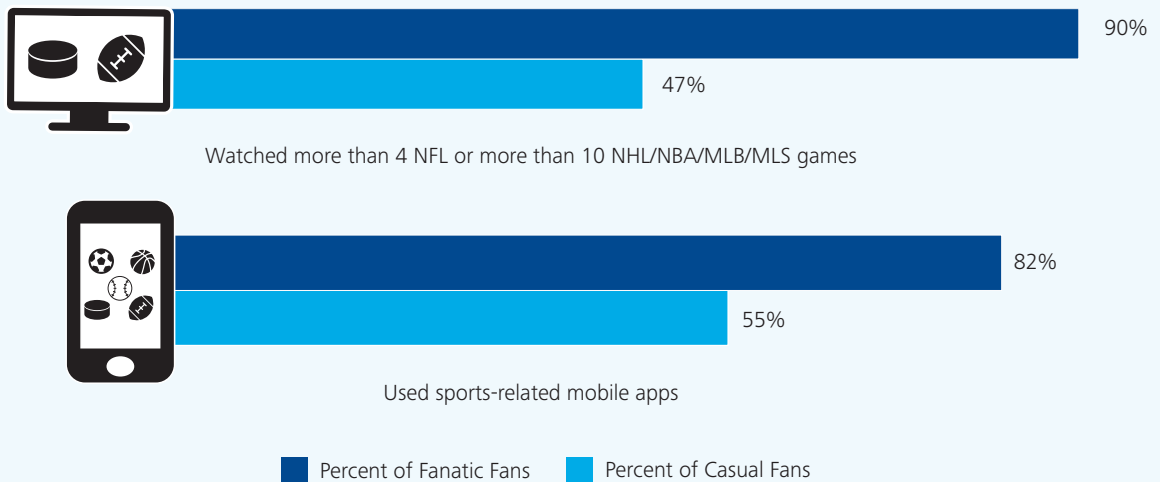
Fans' engagement level does not necessarily conform with their self-reported affinity level.

- ✓ Fanatics are about seven times more likely than casual fans to be high-engagement fans, as nearly half of them fall into the high-engagement category.
- ✓ On average, fanatics are more valuable than casual fans despite a similar distribution of income levels. For instance, the average self-described "fanatic" spends six times more than the average self-described "casual fan" on league-related purchases, and is more than twice as likely to have made a league-related purchase in the last year.
- ✓ In turn, casual fans are about seven times more likely than fanatics to be low-engagement fans—more than half of casual fans fall into the low-engagement category.
- ✗ 43% of casual fans engage at moderate or high levels.
- ✗ 54% of fanatics do not engage as actively with their team as one might expect given relatively high affinity level.

Fanatic vs. Casual Fan activities in the last year



Fanatic vs. Casual Fan remote engagement in the last year



Highlight reel

Before we dive deeper into strategies for targeting and engaging fans, we must acknowledge that there are success stories in today's loyalty landscape. Many teams are transitioning toward membership-based season ticket holder programs that provide optionality for members to customize their own experiences. Some teams are taking an even more sophisticated approach at targeting priority consumer segments: In the NFL, the Houston Texans have made strides in engaging the Hispanic segment of the fan base through a dedicated,

data-motivated engagement program; in the NHL, the Penguins partnered with the American Automobile Association (AAA) to make it easier and more enjoyable for fans to attend games on the road. In each of these programs and many others like them, the effectiveness of the engagement effort stems in part from a balance that brings rewards to both sides: driving value for an important and clearly defined subset of fans (based on a data-driven understanding of what they value) while also building data and purchase volume that teams value.

Cultivating "Toros Bravos"¹

As the Houston Texans NFL franchise sharpens its horns in pursuit of deeper fan engagement, one segment stands out: Hispanic fans, who make up a prominent cohort in the team's home region. Members of the "Toros Bravos" club receive access to events, prize giveaways, and monthly newsletters.

It's free to sign up—thanks in part to an alliance with Verizon—but the Texans generate return in the form of valuable fan data. Members provide personal data along with information about their favorite players and their current wireless providers. The result is a more detailed picture of the Houston area's significant Hispanic segment, which both the team and the communications company use to hone product and service offerings. The goal line isn't just knowledge—it's the increased engagement and revenue that comes from leveraging sponsor relationships (and other strategic partnerships) to relate to fans on their preferred terms.

Penguins on the road²

Dedicated music fans do it. Foodies do it. And it is common practice in international soccer leagues. So why shouldn't sports fans enrich their experiences by traveling to where the fun is?

While it's nothing new to build prize packages around travel to away games, the NHL's Pittsburgh Penguins have worked to make road rooting a more mainstream part of the fan experience. The team has partnered with the American Automobile Association to make it more convenient to follow the team into opponents' territory. Participating fans can arrange transportation, hotel rooms, game tickets, and group events through a single contact.

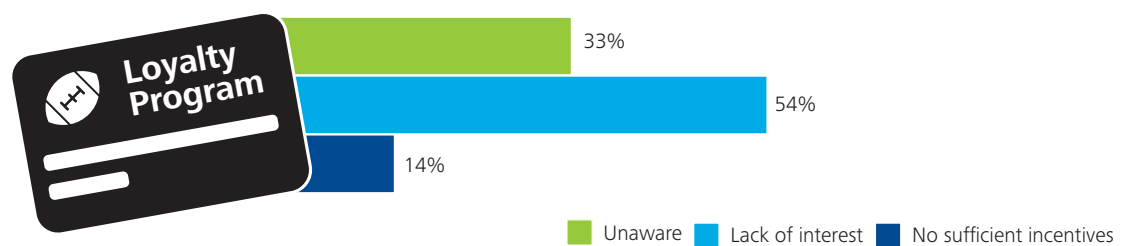
The value to the fans can be twofold—with fewer logistical hassles to worry about, the focus is on the fun, and the team's appreciation of their support takes a tangible form. The Penguins realize a dual benefit as well. The emotional ties that drive long-term engagement may become deeper when fans travel alongside the team, and the relationship can yield a trove of valuable consumer data that the team can use to shape future experiences.

¹ Houston Texans Fan Zone Website

² Pittsburgh Penguins Website



While lack of awareness is a common reason cited for lack of participation in loyalty programs, fans surveyed also commonly indicate that they are aware of but not interested in existing programs and their offerings.



More generally, however, team-driven fan engagement programs are not consistently achieving levels of traction that justify investment. Ninety-four percent of fans surveyed are not loyalty participants, and one-third say the reason is that they weren't even aware of loyalty offerings. Just over half say they simply aren't interested. And 14 percent know about the programs, have taken

the time to learn about them, yet believe they don't deliver incentives to overcome the "hassle" of joining.

If existing loyalty programs in the sports world aren't captivating people who already describe themselves as fans, what more can sports organizations do? The question may contain the answer: more.

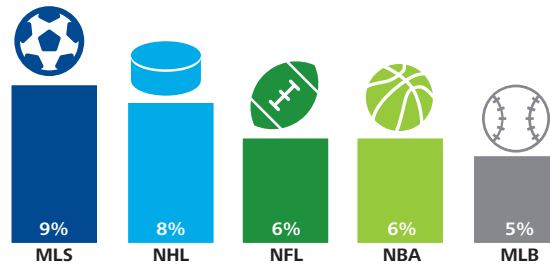
Will you, will you, rock us?

Deloitte's fan survey found that while fewer than 10 percent of fans of each of the five major leagues participate in any type of sports loyalty program, two-thirds would be open to participating if the incentives were right. So there's headroom to make fans happier.

There is clearly opportunity to win greater share of fans' wallets and attention: Only about half of the active fans surveyed bought tickets, merchandise, media subscriptions, or other league-related goods in the last year. Two-thirds say attending games in-person is their preferred way to watch, but of that group, 38 percent went to exactly zero games in the past year. Excluding activities as simple as checking sports news or playing a sports-related video game, only half of fans engage with their favorite teams outside the context of actual games.

Sports organizations have the potential to engage fans in a more targeted and effective way all year round. But getting there will likely take more than incremental changes to existing programs.

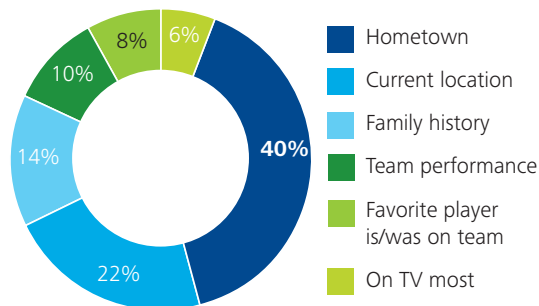
Less than 10% of fans surveyed in each of the five major leagues reported participation in any type of loyalty program.



A new game plan

This isn't necessarily about winning fans' preference. This is sports: most fans have already chosen a team based on where they grew up, where they live currently, family tradition, or team performance. Instead, the objective is for teams to deepen their engagement with their existing fan base and, in doing so, make the fan experience attractive to potential fans who had not previously been engaged.

Primary reason for team loyalty



The challenge is that many sports teams focus fan engagement initiatives on surface-level offerings to generally enhance the fan experience. They have not historically dug deeper to understand nuances within the fan base that could enable more precise personalization with more efficient spend. Here, sports teams may be able to take a cue from consumer loyalty outside of the world of sports—where brands build relationships with consumers to engender affinity and greater share of wallet, but the most basic motivation behind the investment is to identify and collect data on the consumer base.

Take loyalty in travel: Brands must create incentives that make it worthwhile for consumers to punch in their loyalty numbers. Otherwise, airlines and hotels would historically have had little ability to track a consumer across trips and stays. If sufficiently compelling, the incentives that make the program worthwhile for consumers create benefits for the travel brands as well: a recent Deloitte study³ of a major hotel brand's loyalty members found that 40

percent of them would pay as much as 25 dollars more to spend a night at one of that brand's properties versus a competitor's property. But the real value to the marketer is data—knowing who their consumers are, what they like, where they travel, and how to better engage them.

This is where sports franchises differ. Sports franchises are not hotels. They are not airlines. They are not supermarkets. This should be an encouraging observation, because most of the differences break in the sports world's favor: Thanks to digital ticketing and social media, sports fans initiate the relationship by identifying themselves. Franchises also don't have to win a new brand-choice battle every day, because while a household may switch paper towel brands without a moment's thought, today's Red Sox household will not likely become tomorrow's Yankees household. But the insights gained from these industries can be leveraged by sports organizations to develop programs which build a broader base of more deeply engaged fans. Teams must take a nuanced approach to loyalty if they seek to create value-added programs that provide return on their investment.

With many existing efforts, robust collection and analysis of data as an input to thoughtful program design is too often an afterthought. If franchises can move away from one-off offerings designed to broadly appeal to the "average fan," and instead create more cohesive relationship programs targeted at priority subsets of consumers who contribute disproportionate value, they can drive more consistent and meaningful interactions. This can, in turn, fuel future engagement by collecting much richer consumer data that would help teams further increase the appeal of the fan experience for new and existing fans and, by extension, grow revenue.

Based on our analysis, we have identified five tenets that sports organizations should consider as they examine and evolve their approach to fan engagement.

³ "Winning the race for guest loyalty," Deloitte Consulting (July 2014).

Tenet 1: Know your target



To design effective engagement strategies and programs, teams must be clear—and specific—regarding the fans with whom they seek a relationship.

In order to enhance traction with fans, franchises should consider identifying—and focusing their energies on—high value segments within the fan population that have similar behaviors and preferences. Most readers would likely agree that this is easier said than done.

Today, many franchises prioritize fans largely based on whether they are season ticket holders or not. As we have outlined, there is room for teams to create more value for a broader base of fans by taking a more analytical approach to understanding and targeting fans who are not optimally engaged today. However, shifting to a more nuanced approach to segmentation may require capabilities that franchises have not refined internally.

The capabilities in question involve data. Strategic segmentation requires investment in aggregation of fan information, in-depth analysis, and translation into meaningful and actionable insights on the similarities within and differences across fan

segments. This insight can help teams direct future loyalty investment toward its most efficient use. Fortunately, teams already have data building blocks—ticket, concession, and merchandise purchasing behavior, social media activity, and so on—they can synthesize to build a more comprehensive and meaningful understanding of fan behaviors and motivations. The question is whether or not they are effectively using those building blocks today.

Franchises that still need to invest in developing segmentation capabilities may pursue a temporary solution by identifying macro themes relevant to groups within the fan base. As a starting point for these franchises, our research identified themes related to two groups that exist within every fan base—youth and Millennials. While these are not true “segments” and may encompass fans with a broad range of behaviors and preferences, our research provides insights that can help inform how franchises might create value for these next generations of fans.

Digging deeper: Going after Millennials

Based on survey responses, Millennial fans are 20 percent more likely to be self-defined “fanatics” and 42 percent more likely to be high-engagement fans than their older Gen X and Boomer counterparts. That may relate to their higher and more recent participation in youth sports leagues—40 percent of Millennials participated in under-18 sports leagues.

Their greater interest is only one reason Millennials represent a prime opportunity for sports leagues to increase engagement. They are also more likely than other age groups to spend discretionary income for entertainment. And their relative youth means there is potential to engage these fans for decades to come.

Millennials also have potential as ambassadors. They are known to be mission- and value-driven, and could be quite motivated to establish a deeper connection with a team if that connection was linked to relevant causes or values. They are often social media sharers and trend-setters, and franchises that attract and engage them may find that consumers from other segments follow suit. Only one in five non-Millennials in the Deloitte survey said they had shared experiences from a live game attendance on social media. But almost twice as many Millennials said they had.

Digging deeper: The next generation

Recent trends indicate that Millennials' active participation in youth leagues has not carried over to their younger counterparts, and youth enrollment in sports participation is declining.⁴

This carries significant implications for the sports franchises that would like to build lifetime relationships with today's young people. Surveyed fans who played in organized or non-organized youth leagues under the age of 18 (U18) are 50% more likely to self-report as "fanatics," and youth participation has a positive relationship with stronger engagement regardless of fan intensity level. People who played 18-and-under sports are more likely to prefer live games (75 percent versus 65 percent of those who didn't); they engage in more in-game and outside-of-game activities; and youth athletes who become season ticket holders engage more than non-athletes during the off-season (85 percent versus 72 percent).

The sports world is likely watching with concern as news stories chronicle declining youth participation in basketball, football, baseball, and soccer. And there are moves afoot to reverse the tide.

For decades, leagues have worked to attract kids onto teams through programs like "punt, pass, and kick" in football or "pitch, hit, and run" in baseball. But when MLB Commissioner Rob Manfred announced the "Play Ball" initiative in June 2015, the program website split its emphasis. Alongside the links that direct parents to local leagues and teams, there were tips to promote informal activities

like stickball, Wiffle Ball, and even kickball. There is also a noticeable effort to draw more girls and women into the game.

What are some other ways sports organizations can engage the next generation of sports fans?

- Make it easier for fan-parents to engage their kids with a league. Almost one-quarter of fans surveyed include "family friendly attractions" as a top-three improvement they would like to see in the live game experience.
- Create new ways for kids to engage with a sport. If play is declining despite the efforts of the sports community, teams should consider investments in kids' fan clubs, kids' social clubs, school sponsorships, school field trips, and player school visits.
- Support and reward promising youth leagues. Teams can focus on strengthening relationships with existing leagues by offering 'priceless' experiences such as celebrity coaches for the day and training programs at the practice field/stadium.

If they attack this trend head-on, teams can capture short-term value by attracting kids and their families to games and other experiences right now. More importantly, they can seed long-term value by encouraging kids to build sports into their lives. The affinity they learn now will mature into the engagement and consumer behavior they demonstrate later in life.

⁴ "Youth Participation Weakens in Basketball, Football, Baseball, Soccer." Wall Street Journal (January 2014).

Tenet 2: Make it personal



Programs designed to speak to everyone run the risk of speaking to no one.

Once a franchise has identified priority segments, it is critical to personalize offerings for each segment. On the fans' side of the ledger, the engagement sought is typically emotional. If the targeted consumers don't perceive experiences as personalized and relevant, they likely won't find them appealing. Unfocused investment in programs that are too broadly defined can (at best) spread resources thin and fall short of meaningful engagement or (at worst) create rich generic programs that "compete" with season ticket membership and dilute the value of that offering to season ticket holders.

To effectively personalize experiences, it is important to develop an understanding of both what the franchise seeks (in terms of changes in fan behavior) and what the target segment desires. The latter part of that equation, once again, lies in a franchise's ability to analyze data as a means of understanding the consumer. Effectiveness can come when teams pinpoint which characteristics are common to fans in the target segment (What value do they seek? What drives them to engage in desired behaviors? What serves as a barrier to greater engagement?) and focus investment to deliver upon that nuance through relevant touch points, messaging, and experiences.

Digging deeper: Personalizing for Millennials

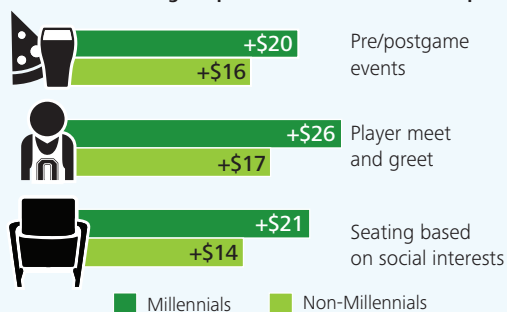
According to the survey, Millennials are more likely than non-Millennials to have attended a live game in the last year (55 to 48 percent), and more than three-quarters of Millennials use sports-related mobile apps (versus fewer than two-thirds of Boomers and Gen Xers). When you ask Millennials to prioritize the improvements teams can make in the fan experience, they're more likely than other age groups to put "atmosphere/energy" and pre- and post-game events in their top three, and less likely than others to give top-three priority to convenient parking, admission, or concessions.

Do Millennials spend more per fan than Boomers or Gen Xers? Not particularly. But they spend differently. Those surveyed were more value-conscious about the price they pay for tickets (30 percent less on average) and whether they'll eat in-stadium concessions. But when their dollars buy enriched, memorable experiences, the dollars flow: they would be willing to spend more on pre- and post-game events, player meet-and-greets, and social-interest-based special seating.

Organizations that know their Millennial fans and design experiences to appeal to them personally have a chance to cement deeper engagement and more enthusiastic spending. But this will likely take more nuance than Fireworks Night. Authentic, personalized experiences often appeal to Millennials because they can develop into *social* entertainment that brings people together and creates memories.

Millennials are likely to continue investing in memorable experiences. And they're going to do so with the organizations in sports, entertainment, travel, and elsewhere that do the best job of appealing to them on their own terms.

Millennials are willing to spend extra for memorable experiences



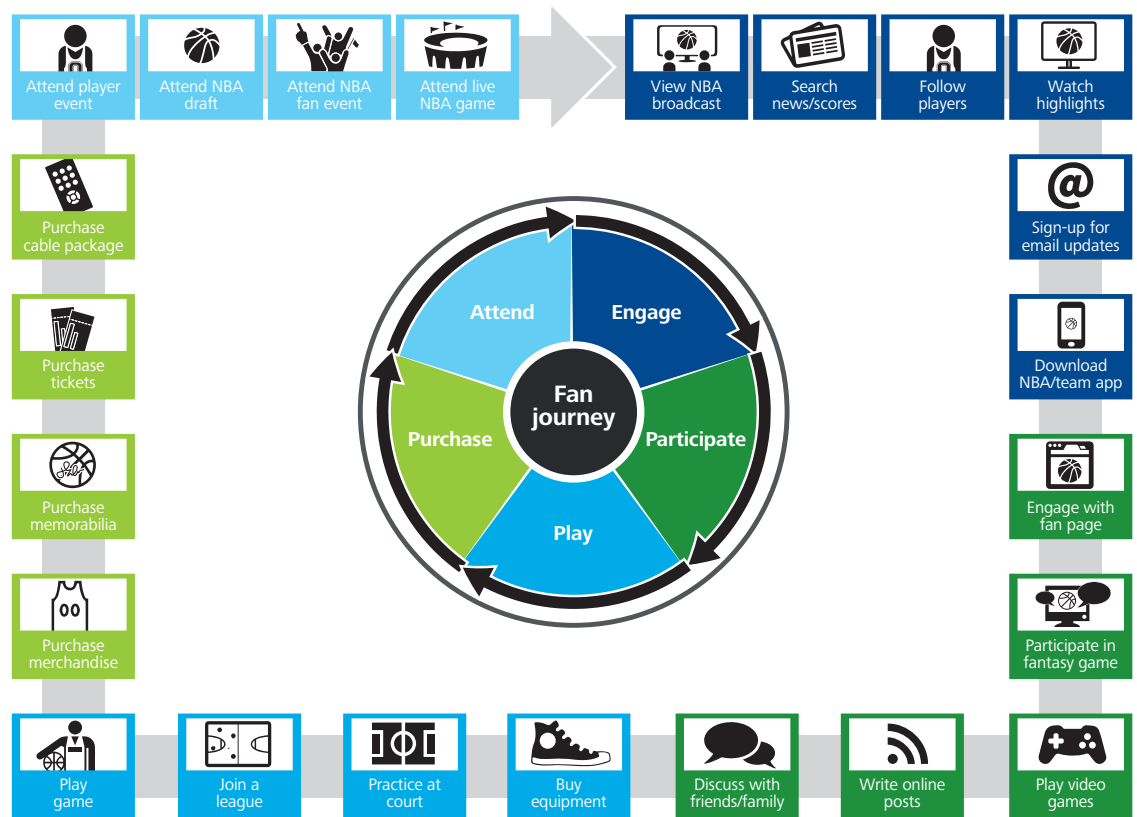
Tenet 3: Think holistically about experience

The live game experience is a focal point for fan interaction. What lies beyond it?

Among Fanatic Fans, two-thirds of respondents attend live games. In the broader population of fans, almost half do. That indicates that live attendance remains an important foundation of fan relationships (and one teams can enhance, as demonstrated in *Upping the game* on the following page). But to deliver truly personalized experiences that reach diverse priority segments with varied levels of current engagement, teams need to offer more.

Beyond the live game, what are the critical touch points that help define a fan's holistic journey and add up to a meaningful relationship? We've already seen how teams are now recognizing the prominence of fantasy sports and integrating fantasy fan behaviors into the in-game experience. As the diagram below shows, there is a broad spectrum of interactions a franchise can try to stimulate—from dinner-table talk to merchandise purchases, from checking scores online to joining an amateur league.

Experiences across the NBA fan journey



Upping the game: How to improve the live experience

Holistic fan engagement extends beyond the live game experience. But, even with the advent of virtual reality, there probably will never be a substitute for watching a favorite team compete in person. And for most sports organizations, there is room to improve that live game experience and the effect it has on fans.

This news comes from the fans themselves: Only a little more than one-quarter of those surveyed said there is nothing they would change about attending a game. If teams can learn their fans' pain points and address them, they can do a better job of retaining their current fans and attracting new ones.

It won't be possible to do everything the fans ask for. Among medium- and high-engagement fans surveyed, 57 percent listed more convenient parking, admission, and departure among the top three improvements they seek. These parts of the experience—while they may be incrementally improved through programs that, as an example, reward early arrival on game day—may also require longer-term capital projects and infrastructure costs that would likely be passed on to the consumer. And, unsurprisingly, 55 percent said the price of tickets and other purchases was a barrier to seeing more games in person.

It's likely teams would like to charge less, too, if they could. But there are reasons they don't. Even if it were financially plausible, large-scale ticket discounts might alienate season ticket holders who made a big up front investment, and could dilute the team's perceived brand value.

There are other options, however. Many teams are exploring and introducing dynamic pricing to capture value in line with the demand for games. That preserves the marquee value (and revenue potential) of top matchups while giving value-seeking fans a way to target games with lower demand.

Parking, admission, ticket prices: So far we've only gotten them to their seats. How can the live game experience evolve to keep pace with the comfort, convenience, and cost of watching on a big HD screen in the living room? More than four out of five fans surveyed rate "watch on TV at home" as one of their preferred methods for taking in a game, and advanced apps and specialized channels are making that experience richer every year.

An answer is to offer fans in-stadium experiences that justify the claim that "you just have to be there." For purists, the energy and atmosphere of live competition does the trick, just as it has for generations. 39 percent of fans surveyed value that and rank it a priority. But improvements in concessions, including in-seat ordering and delivery or express counter pickup, are ranked almost as high, and better quality and diversity in food and beverage options is a popular priority as well.

More than a quarter say they would value a chance to cement a personal connection to the team by meeting players, and more than half say they would like to see enhanced in-venue digital offerings—like WiFi, geotracking, and the ability to control replay views via smartphone.

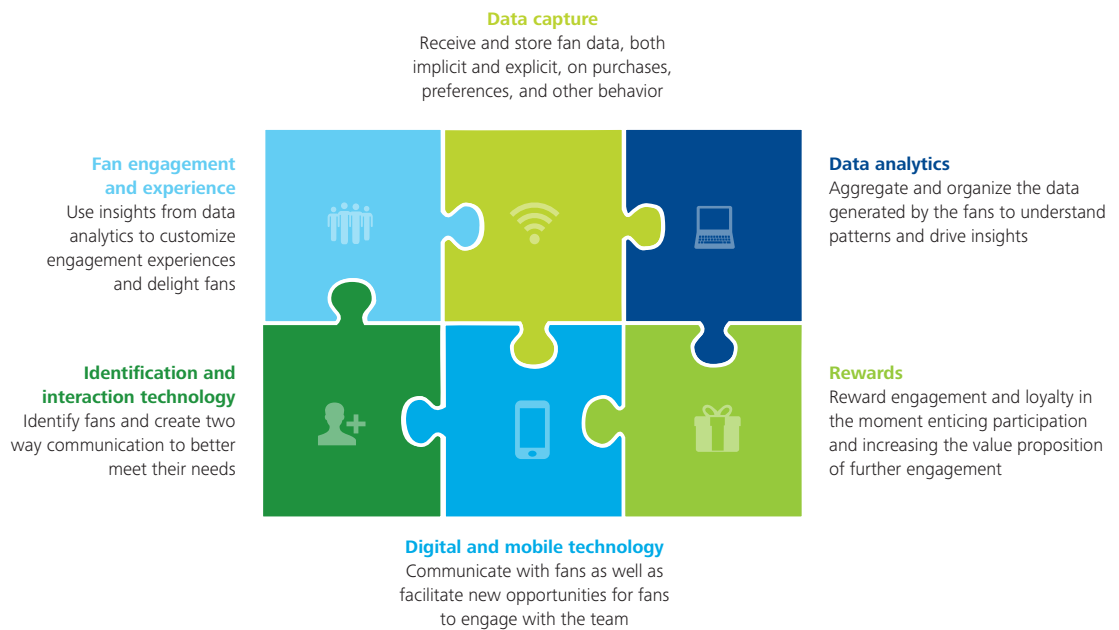
The technology needed to fuel these innovations—including technology infrastructure like broadband and wiring—is hardly even innovative anymore. It just hasn't made significant inroads into existing major sports venues. With the right approach, teams can avoid a scenario where fans drive to the stadium only to stare at mobile screens and instead create an experience that enhances the sights, sounds, and smells that make live game action appealing.

Not all of these activities bring the fan and the team into direct contact. Not all of them lead directly to revenue. But all of them have the potential to boost affinity by embedding the team experience deeper into the fan’s consciousness, day in and day out, in-season and off-season.

Where direct revenue is concerned, outside-the-box engagement may be rewarded. For example: NFL fans are tailgating in parking lots, using food they bought elsewhere and parking access they already paid for. But what if someone were to enrich that experience with ice delivery, local food trucks, ride-share partnerships, or parking lot social networking? What if it were you?

There is a science to evaluating and profiting from potential engagement experiences. With only surface-level engagement, an experience may be just an experience, and its value may disappear the moment it’s over. With a more holistic approach to fan engagement, a sports organization can ensure each engagement activity is plugged into a strategy and aimed at a defined fan segment—and it can reap and measure the benefits that ensue. Without a holistic mindset, an organization may be throwing darts—which can be an enjoyable exercise but is not always a profitable one.

A holistic approach to fan engagement



Tenet 4: Engage year round



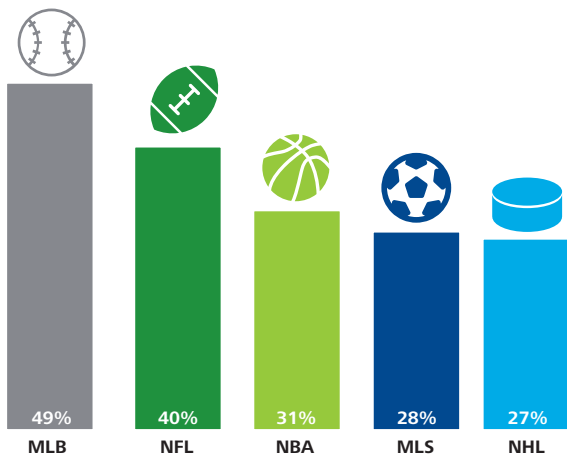
Meaningful relationships don't start and stop with the sports season.

We've highlighted the idea that touch points outside the direct game experience can strengthen fan relationships. Our research shows that there is also untapped opportunity for engagement to drive fan value during the off-season.

Fans can't engage if teams don't serve up opportunities. By that measure, teams may be leaving even their most valuable consumers out in the cold (or the heat, depending on the timing of the off-season). In each of the five major leagues, there is a large cohort of season ticket holders—as many as half in the case of MLB—who tune out when play stops.

Among all fans of all major sports, respondents who engage with their teams outside of watching games spend more than four times as much as fans who don't. Among season ticket holders (who begin with a higher presumed engagement level), off-season engagers¹ spend more than twice as much as season ticket holders who limit their engagement to the season. This demonstrates how, in keeping the action limited to the season, teams are leaving money on the table.

Percentage of season ticket holders not engaged during the off-season¹



¹ Off-season engagement is defined as participating in at least one of the following activities: Exclusive team events, attending team-sponsored community events, participating in player/mascot/executive meet-and-greets, attending other pre-season activities (e.g., off-season workouts, spring training, practice days, draft).

Tenet 5: Recognize loyalty

Recognize, reward, and record each fan interaction.



Every time someone demonstrates loyalty, a team should recognize it. In the context of effective engagement, this can mean two things: First, the organization should acknowledge and reward the interaction to ensure the behavior sought—when performed—is reinforced. Second, the behavior should be recognized within team systems, with data on the fan and the interaction recorded for later use.

This second point is critical and often overlooked. It's important to view fan engagement efforts as a continuous process—not something that's executed once and fed on later. Ultimately, data and loyalty can fuel each other in a mutually reinforcing upward spiral. Just as teams adjust rosters and tweak competitive strategies throughout the year, leaders of loyalty initiatives must be flexible to take action to meet the needs of the continuously evolving fan. If data is used to drive a dynamic program instead of a static one, teams may be better able to keep pace.



At the buzzer

In many ways, the sports industry invented fan loyalty long ago—before sports was a multi-billion dollar industry. It enjoys a depth of consumer loyalty that other industries would pay dearly to replicate if they could.

But the sports industry has not been in the vanguard when it comes to measuring, nurturing, and driving value from those relationships beyond the core season ticket holder population, and the industry's seasons and competitive ups and downs are part of the reason. Other industries have to fight to win "fans," while in sports, the affinity often comes naturally. In truth, sports and non-sports organizations have gone down different paths when it comes to loyalty programs. Leaders on the sports side have the opportunity to think strategically about which lessons can be transferred across that divide. But simply put, we believe teams should:

- **Know your target:** To design effective engagement strategies and programs, teams must be clear—and specific—regarding the fans with whom they seek a relationship.
- **Make it personal:** Programs designed to speak to everyone run the risk of speaking to no one.
- **Think holistically about experience:** The live game experience is a focal point for fan interaction. What lies beyond it?
- **Engage year-round:** Meaningful relationships don't start and stop with the sports season.
- **Recognize loyalty:** Teams should find ways to recognize, reward, and record each fan interaction.

Over the last ten years, most sports teams have developed an even sharper focus on the bottom line. This focus motivates leaders to sign a popular free agent in the off-season or build state of the art, LEED-certified stadiums to further the appeal and financial viability of the organization. If similar focus and investment is diverted toward a thoughtful strategy for understanding, targeting, and customizing experiences for priority segments within the broader fan base, teams will witness improvements in the way those programs perform—to the satisfaction and enrichment of both teams and fans.

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