



**2024 DIGITAL
TRENDS IN THE
SPORTS INDUSTRY**



FOREWORD



MOUNIR ZOK
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Mounir Zok

The evolving technology space is changing how companies all over the world and their personnel carry out their business. Among the innovations taking place, automation and generative information-processing solutions are assisting organizations across multiple verticals, no matter their digital maturity or operational objectives, while software suppliers are reacting to demand.

According to *Gartner*¹, by 2025, up to 60 percent of business process automation (BPA) vendors will provide software solutions which offer services featuring generative, artificial intelligence (AI) functions to help reduce process development times. At this time, banking, financial services, insurance, government, and manufacturing sectors are leading the BPA sector's market growth, which is expected to surpass US\$3.6 billion by 2027.

Whether that is to improve their client's customer relationship management (CRM), broader workplace efficacy, or connecting industry decision makers with key data metrics via a single source of truth, technological solutions are being built with all of these criteria in mind – whilst also making the user experience (UX) more palatable for customers and stakeholders, and opening up new spaces for innovation, product development, and commercial growth.

As this report will demonstrate, the sports industry is embracing automation in a similar vein – albeit our research shows that, as the sector continues to evolve its digital and data capabilities, disparities exist across the field, including how rights holders and sports organizations leverage their existing digital portfolios to capture fan data and personalize the fan experience.

By way of example, the majority of International Federations (IF) across the Olympic Movement recognize the importance for digital transformation and first-party data collection. However, following the publication of our latest *Olympic Digital Transformation Report 2023 and International Federation Fan Data Guide 2024*, N3XT Sports proprietary research shows that fewer than half (46.8 percent) of the IFs which govern the sports on display at this year's Paris 2024 Olympic Games enable subscribers to personalize their individual experience.

In order to continue growing audiences in an Olympic year, equipping organizations with the resources and augmenting their use of fan data is proving invaluable to the sports industry's digital revolution. For example, some of our clients are adopting generative and assistive technology to maximize their audience reach and optimize their operations, aided by digital portfolios that enable users to customize the digital experience and reach their growth potential.

Our team of experts understand the sporting landscape and the latest technology and data trends deeply. As the industry continues to digitalize, it's our aim to guide our clients on their own digital transformation journeys and to help them make a positive change for their fans and stakeholders while leading the charge within sport's continued search for excellence.

¹Gartner | Market Guide for Business Process Automation Tools



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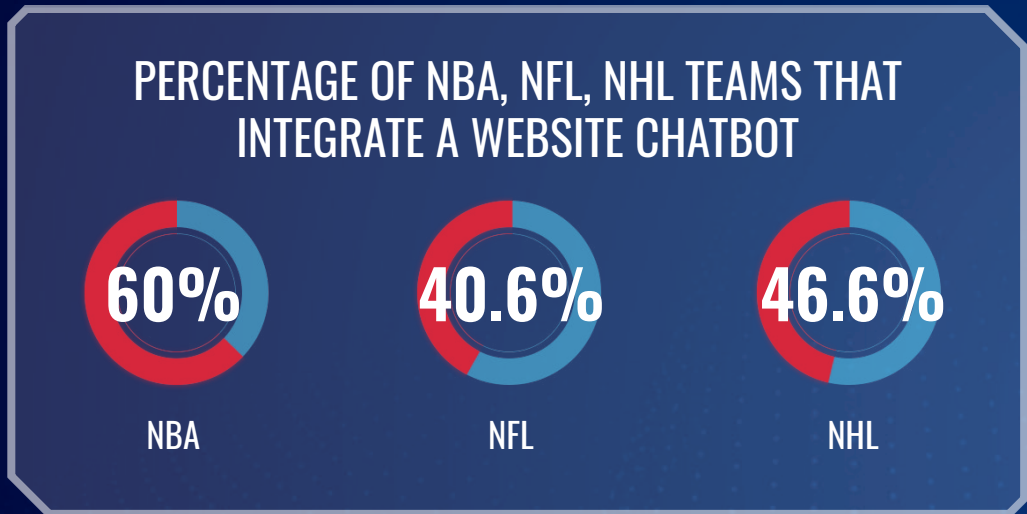
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WHAT'S N3XT?

1 ENGAGING ARTIFICIAL INTELLIGENCE OPERATIONAL EFFICIENCY & FAN ENGAGEMENT

When it comes to sports business strategy, automation covers many verticals. One involves the delivery of best-in-class customer experiences (CX) whereby automated applications can be used to tailor monetizable digital products to the individual fan and drive subscriber retention. Another vertical explores ways in which automation can increase business efficacy, including how AI and machine learning models can serve high-level decision-making inside the front office and enhance the employee experience (EX).

According to a *Forbes Advisor* survey², covering multiple industries, 73 percent of businesses currently use or plan to adopt AI-powered chatbots, while 61 percent consider AI valuable for delivering email campaigns and 55 percent use AI to personalize their service offering. By comparison, elite sports teams and leagues are adopting AI to customize the fan experience, too – though not at the same rate of adoption as other sectors.



Research completed by N3XT Sports in Q4 2023

In North America, for example, our research shows that 60 percent of the National Basketball Association (NBA) teams have integrated an AI-powered chatbot into their dedicated website to provide fans with automated answers to queries such as ticketing, travel, and merchandising. This is higher than other major North American sports leagues. In the National Hockey League (NHL), 46.6 percent of teams utilize AI-assisted chatbots in their owned digital portfolio and represents slightly more than the 40.6 percent of National Football League (NFL) teams which adopt chatbot technology.

²Forbes Advisor | How businesses are using artificial intelligence in 2023



Elsewhere, International Federations (IF) are also leveraging AI to personalize the fan experience and analyze real-time fan data to inform their digital marketing efforts during major events. According to N3XT Sports proprietary research³, as few as 46.8 percent of the IFs which govern the sports on display at this summer's Paris 2024 Olympic Games allow users to personalize their experience via a governing body's owned digital touchpoints. Notably, 31.2 percent of all Olympic IFs offer personalization via a dedicated mobile app, compared to 43.7 percent via web.

Meanwhile, 28.1 percent of the IFs assessed allow users to enter items such as their preferred teams, athletes, competitions, and disciplines into an online profile, whereas 12.5 percent provide an option for fans to customize their email marketing preferences via a personal account. Overall, 60 percent of Olympic IFs that specifically collect and own first-party fan data permit fans to personalize the UX.

As the industry enters an Olympic year, AI adoption is forming an increasingly important part of the sports organization's digital fan strategy. However, while fan sentiment naturally sits at the heart of sport's digital transformation and an organization's commercial growth, there are other avenues where automation is helping sports bodies, leagues, and teams manage their resources and operational expenditure by changing how they operate and raise workforce productivity internally.

³N3XT Sports research carried out in November 2023

2 EMPOWERING STAKEHOLDERS DOCUMENT CROSS-POLLINATION & EMPLOYEE PORTALS

In order to centralize an organization's resources and existing processes, the sports entity must first understand how information is collated and stored across its departments. In some cases, the first step towards optimizing workflows will be to digitize its existing documentation, which could be mainly paper-based and difficult for employees to access within an organization's legacy systems.

One way to achieve this is to create a central digital space where the entire organization is able to access information via their own user login. For example, having digitized the organization's entire catalogue of membership documents, N3XT Sports developed and implemented the Professional Footballers' Association's (PFA) first ever employee portal, consolidating the organization's resources into one interface, and can be adapted to individual project workflows.



The PFA's employee portal provides its entire workforce with access to its digital resources and members' data in a centralized location, bringing the way the PFA processes documents and information into the digital era. By automating and configuring workflows to meet the employee's individual needs, the footballers' union has dramatically improved its employee productivity and time-of-response to its members; a level of detail that the PFA wasn't previously able to achieve and other sports organizations should aspire to emulate.



António Gonçalves
Digital Consultant at N3XT Sports



AUTOMATION IS SERVING THE OPERATIONAL PROCESS

As software developers and technology suppliers continue to integrate AI and machine learning functions into their products, and the sports industry continues to mature, organizations will be able to automate the analysis and retrieval of customer and operational data via multiple documents, allowing the employee to ask questions of the data in ways they cannot without simplifying their digital and data infrastructure.

N3XT Sports works with its clients to improve their workflows and business processes through digital transformation. For several sports organizations, this includes the development of web applications which allow users to inject strategic documents into a centralized digital hub and multiple stakeholders to review and provide feedback quickly. In doing so, the use of OpenAI will also enable users to query submissions automatically and to cross-pollinate the data and information that is available via multiple documents.

Security protocols will need to be re-assessed and upgraded when integrating new layers of data management into existing operations, particularly when introducing AI-based solutions into a technology stack. Considering the growing number of sports organizations which are adopting automated processes into their digital infrastructure, it is important for them to review their protection and privacy policies early so that they can take the appropriate steps to modernization.

3 DIGITAL MARKETING UTILIZING DATA-DRIVEN AUDIENCE SEGMENTATION

Data ownership is a fundamental part of growing and retaining audiences within the sports industry. When defining their customers and the different types of fans which engage with their product, sports properties must first develop a “channel matrix”, or “channel strategy”, which identifies how their customer-facing digital platforms engage users and collect first-party fan data.

Fewer than half (46.8 percent) of Olympic IFs enable fans to personalize their UX via a personal account or unique user login. With this in mind, the Olympic Movement is in a position to expand its digital marketing efforts by connecting fans with the content that they want based on their demographic, geolocation, and personal preferences. With this level of user-data analysis, organizations can begin to automate their digital strategies based on real-time user data and customer interactions.

AI-POWERED ANALYTICS STRENGTHENS CUSTOMER RELATIONSHIPS

One of the key steps to aligning fan intelligence with the organization’s business objectives is to implement a CRM tool, which makes it easier to manage the fan journey and meet each individual customer’s needs. As part of its ongoing digital transformation and long-term collaboration with N3XT Sports, United World Wrestling (UWW) introduced a new CRM function to serve its expanding digital portfolio, which now offers fans access to the UWW+ over-the-top (OTT) subscription streaming service via the IF’s website and mobile app using a single sign-on (SSO).

With the right combination of digital assets, the introduction of its new digital offering during the 2023 UWW World Championships (WCH23) saw Olympic wrestling’s governing body significantly increase fan engagement across its channels, as well as focus its digital marketing campaigns with the use of AI-powered audience analytics to segment its communications strategy. As a result, UWW increased its year-over-year (YoY) newsletter signups whilst boosting its average open rate by 19.8 percent.

N3XT SPORTS CLIENTS

FOCUSED ON OPTIMIZING THEIR DATA

ADOPTING AI & MACHINE LEARNING

UPGRADING THE DIGITAL CUSTOMER EXPERIENCE

FOCUSED ON THEIR
EMPLOYEE & STAKEHOLDER EXPERIENCE



In addition to UWW+ and wrestling’s new, first-class streaming offering, we supported several aspects of UWW’s digital operation throughout WCH23, across digital marketing and customer relationship management, while optimizing the fan journey through data analytics and the assistance of AI-driven software solutions.



Motasem El Bawab
CIO at N3XT Sports

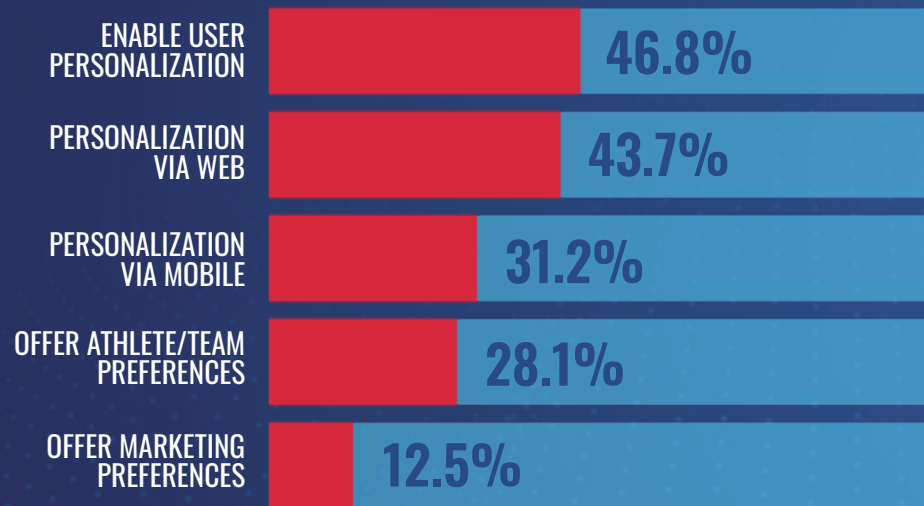
4 HYPER-PERSONALIZATION

UNLOCKING FAN REVENUES & COMMERCIAL OPPORTUNITIES

Offering fans the option to personalize their CX is a strategic step for sports organizations to take when defining their customer base and the different types of fans within their ecosystem. While automated processes inform the entity's digital marketing efforts and the distribution of content to segmented audiences, customizing the CX is known to drive revenue growth, too, with consumers now on the lookout for personalized digital experiences.

According to *McKinsey & Company*⁴, companies that deliver personalization can expect a 10-15 percent lift in revenues, while 71 percent of consumers now expect companies to offer a personalized experience. By comparison, research also shows that companies which own the customer transaction and make decisions based on first-party data can increase revenues by 25 percent. As the sports industry explores ways to unlock fan revenues via owned direct-to-consumer (D2C) media platforms, the personalization of content will become table stakes for digitally mature rights holders.

BREAKDOWN OF USER PERSONALIZATION FUNCTIONS ADOPTED BY OLYMPIC IFS



Research completed by N3XT Sports in Q4 2023

⁴McKinsey & Company | The value of getting personalization right – or wrong – is multiplying

SPONSORS ATTRACTED TO FAN-DRIVEN PARTNERSHIPS

Data optimization is an important piece to the sport industry's digital transformation. Within our portfolio, our client base is interested in re-organizing their data to drive fan engagement, operational efficacy, and commercial value. Generative video content, served to segmented audiences, will play a pivotal role in augmenting the sports organization's revenue streams, too; in particular, how fan intelligence can benefit sponsors and commercial stakeholders by unlocking opportunities to align their content with the fan.

World Triathlon, the governing body for the multi-sport disciplines of triathlon, duathlon, and aquathlon, is optimizing its data management processes as part of its ongoing digital transformation. N3XT Sports is assisting World Triathlon throughout the process of collating data via its different digital touchpoints to give the IF a stronger understanding of its fans, athletes, and stakeholders. The process will also help World Triathlon identify opportunities to align its sponsors with the user journey, while personalizing the production and distribution of content.

While owning a broad digital footprint is vital for connecting people with a sports brand, understanding the fan base personally is invaluable to an organization's commercial stakeholders. AI and machine learning will enhance their ability to ingest and analyze fan data, providing sports properties with the opportunity to build a truly fan-centric sponsorship portfolio with automated, assistive tools.



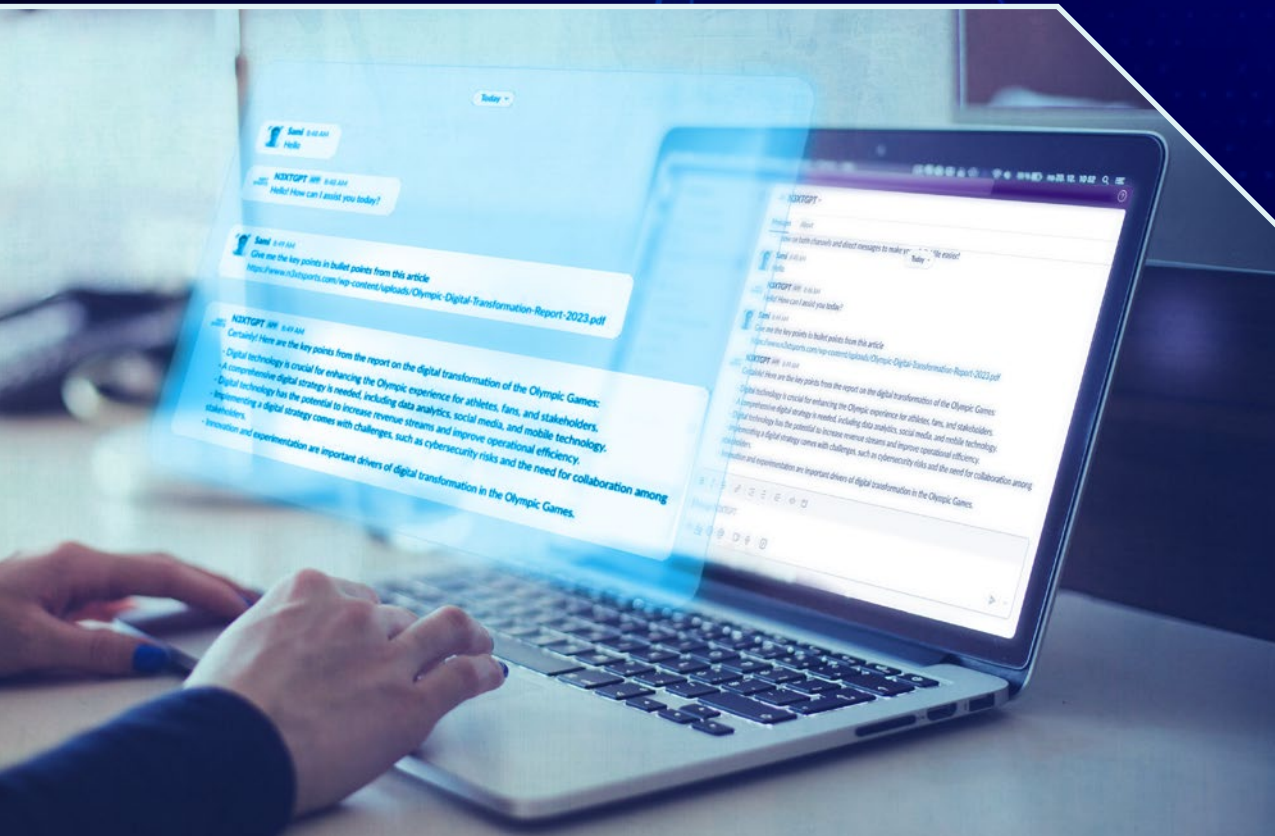
Hisham Shehabi
COO at N3XT Sports

INTRODUCING N3XTAI

N3XT Sports is launching a new AI solutions service called N3XTAI, with the assistance of Microsoft technology, which aims to make information more accessible to its users and documentation faster to process. This is in response to the popularization and proliferation of public-facing AI properties, as well as the diversity of machine learning applications available to rights holders on today's market.

In light of these developments and the multiple benefits AI will bring to the industry, as sports properties explore ways to integrate AI into their digital infrastructure, there are also several challenges that still exist within the space and how entities industrialize the adoption of AI while ensuring the technology performs with the highest accuracy, reliability, and access across the entire organization.

Our latest innovation will investigate how AI and machine learning software solutions can be implemented within our clients' existing technology stacks, seamlessly, and help simplify the retrieval of user data at every level of the business.



N3XTAI, AS A SERVICE, WILL

EXPLORE WAYS AI ADOPTION CAN BEST SERVE THE SPORTS ORGANIZATION

IMPLEMENT APPLICATIONS THAT SPEED UP THE REVIEW OF INTERNAL DOCUMENTATION

MAKE IT QUICKER AND EASIER TO SEARCH FOR INTERNAL DATA AND INFORMATION

ALLOW PERSONNEL TO QUERY THE DATA DIRECTLY WITHIN A SECURE APPLICATION

ENSURE ABSOLUTE RELIABILITY OF THE DATA AND INFORMATION AI GENERATES

"AI is contributing to a paradigm shift in how sports properties process data and information," says Motasem El Bawab, N3XT Sports' Chief Information Officer (CIO). "By presenting a secure application for analyzing documents, information, & datasets, among its wide-ranging functions, N3XTAI is customizable at any level of an organization & can be integrated into any database or document-retrieval process."

To find out more, please email us at info@n3xtsports.com and we'll happily discuss how AI and machine learning can enhance your digital transformation.

WHAT'S N3XT?



Beatriz Indurain

VP of Growth
N3XT Sports

Beatriz Indurain

We're continually assessing the market to discover areas where rights holders and sports organizations can improve operationally at federation, club, and competition level. For example, our analysis over the past year identifies a disparity in the collection and use of first-party fan data across multi-stakeholder competitions – including the Olympic Games – albeit a willingness among IFs and other sports bodies to enhance their audience reach through owned digital media.

As our client base continues to grow, we recognise a trend towards automation throughout the sector's digital transformation, while the role of data governance and audience analytics is becoming more relevant in the development of monetizable, digital fan experiences. As this report outlines, how sports organizations do this will depend on the technologies they adopt into their ecosystem and the executive's ability to leverage data to meet their business goals.

While digital adoption is an important aspect within a rights holder's data-collection capability, it is not advised until the sports property has a clear vision of its growth potential and has gained a firm understanding of its existing digital and data infrastructure, how it's connected, where it can be improved, and what's needed to raise the efficiency of its internal operations.

Until a clear strategy is established for capturing fan data and engaging with segmented audiences, a diverse digital portfolio is – more often than not – unlikely to serve the organization as well as it should and will limit the potential for driving operational and business growth. Developing and integrating a digital strategy that aligns its D2C products and data management is therefore a key step along the sports entity's digital transformation journey.

In the coming months, we expect to see more sports properties explore the use of AI and machine learning across multiple verticals. No matter whether the objective is to drive fan revenues, attract sponsors, or empower the employee and stakeholder, automation is already delivering results for our clients by assisting them in their understanding of the customer and how to personalize the fan experience to improve audience satisfaction, loyalty, and overall spend.



With fan data at the forefront of the digital sports revolution, the sports industry finds itself at a critical juncture on its digital transformation journey. As we enter an Olympic year and several of our clients make their final preparations for Paris 2024, what they go on to achieve post-Games will be just as important as the impact of the Olympic and Paralympic events themselves. Understanding their fans and learning how to nurture and retain audiences will be critical.

Whatever direction you want to go, digital transformation is a catalyst for modernization. Our team at N3XT Sports wants to hear about where you're taking your sport, what you want to achieve for your product, and areas where the implementation of fan and operational data strategies can firmly establish your organization in the modern age of digital sport and entertainment. We look forward to serving the sports industry at every milestone.

ABOUT

N3XT SPORTS

N3XT Sports is a specialized agency in the sports industry that works with its clients on strategy development, operational support, and end-to-end data and digital transformation.

Our team has delivered hundreds of projects to date in various geographies, contributing to several topics related to sports commercialization, digitalization, development, investments, sports formats, performance and beyond.

With its operational HQ in Valencia, Spain, and a global presence, N3XT Sports is strategically positioned to drive innovation and excellence in the sports industry.

We invite you to use, share and build upon the insights and statements made in this report.

You are free to distribute the material in any medium or format, including within your organization, to your stakeholders and to students or universities.

You can contact the N3XT Sports team through info@n3xtsports.com to gain further understanding of the insights presented in this report, particularly as it pertains to engaging in the development and implementation of a digital transformation strategy.

This report was produced as part of the N3XT Sports Reports series, made freely available to the sports industry.