

WHAT THE FUTURE: SPORTS

What will it mean to watch sports in the future?

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GAME CHANGERS



How or will we engage with sports in the future?



It says something that a perennial sports underdog is opening a sportsbook. Yet that's exactly what the ownership of the Chicago Cubs recently announced. The team, like many others, is betting that gambling is a growing future for fan engagement (and revenue).

My friends and I used to bet beers on the out-of-town scoreboard while attending White Sox games. We were Cubs fans, but it was easy to get cheap seats for the Sox, so we'd entertain ourselves by getting deeply invested in, say, the Blue Jays/Twins game. We didn't even know who was pitching, but it was fun.

Imagine we could instead bet \$20 in an app but have that spread across a 50-bet parlay on individual events in the game in front of us in real-time. Talk about high engagement for a low investment. Of course, the house always wins by charging a service fee. Now imagine that, but we're at home and the game is virtual, played by robots or avatars. These futures could be just around the corner.

This is an issue about sports, but it's about how we, as fans, consume sports.

“It’s a great time to be a fan of something. But as with all entertainment, the future of sports is diversifying, stratifying and fragmenting.”

We are in an era where the NFL is losing stature, but it's still the only consistent mass sports audience in U.S. TV. An era where entire new worlds of virtual and esports are opening. An era where you can buy a LeBron dunk of your very own as an NFT (see page 16). If you just thought, “I’m sorry, do what with a what?” read on.

It's a great time to be a fan of something. But as with all entertainment, the future of sports is diversifying, stratifying and fragmenting. And there's a growing role for the individual content creator. The pandemic saw the meteoric rise of esports players streaming their individual performances on gaming streaming platform Twitch even as “broadcast” coverage of esports didn't take off to a major degree.

What is clear is that sports fandom is becoming even more interactive and crossing many platforms. The worlds of collecting, engaging with brands and betting will play a big role in how we engage with the teams and players we love—even if some day those players are virtual, not human.

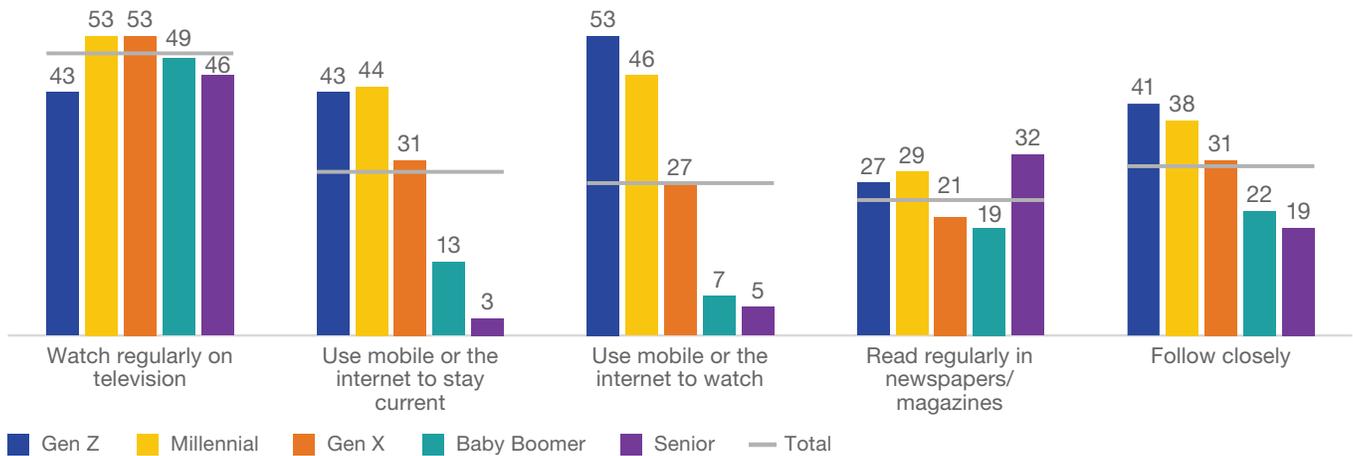
Matt Carmichael is editor of *What the Future* and vice president of editorial strategy at Ipsos in North America.

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Can sports overcome its generational problem?

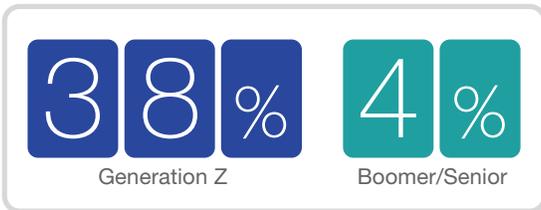
TV isn't the reliable medium it once was for sports viewership

Q. Please indicate below how you interact with the listed sport. (* % who selected at least one across seven sports)



Esports are filling the gap for digital natives

Q. How familiar are you, if at all, with esports?



But we are engaging with sports content in new ways



NFTs have introduced a new way to express fandom

Q. Which, if any, of the following have you purchased in the last 12 months? (Ratio of Gen Z to Boomer/Senior who have purchased these collectibles)



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults. *Summed across seven sports categories asked about for each type of interaction. Sports categories included professional men's sports, professional women's sports, college men's sports, college women's sports, action/extreme sports, esports, mixed martial arts/UFC/boxing.)

The Big Question: How or will we engage with sports in the future?

Question:

What will it mean to watch sports in the future?



David Gandler

**CEO, co-founder,
FuboTV**

It's frustrating to be a sports fan these days. Teams, leagues and networks are all launching their own subscription plans. It's hard to find your favorite games unless you subscribe to a luxury suite of services.

FuboTV is aimed at being everything to the sports fan. With an aggregated lineup of streaming services from leagues, teams and sports networks (and a side dish of your usual news and entertainment networks), FuboTV positions itself as an essential component of a fans' streaming diet. When CEO and co-founder David Gandler thinks **What the Future**, he's looking at ways to make being a fan more fun and engaging through interactivity, betting and more.

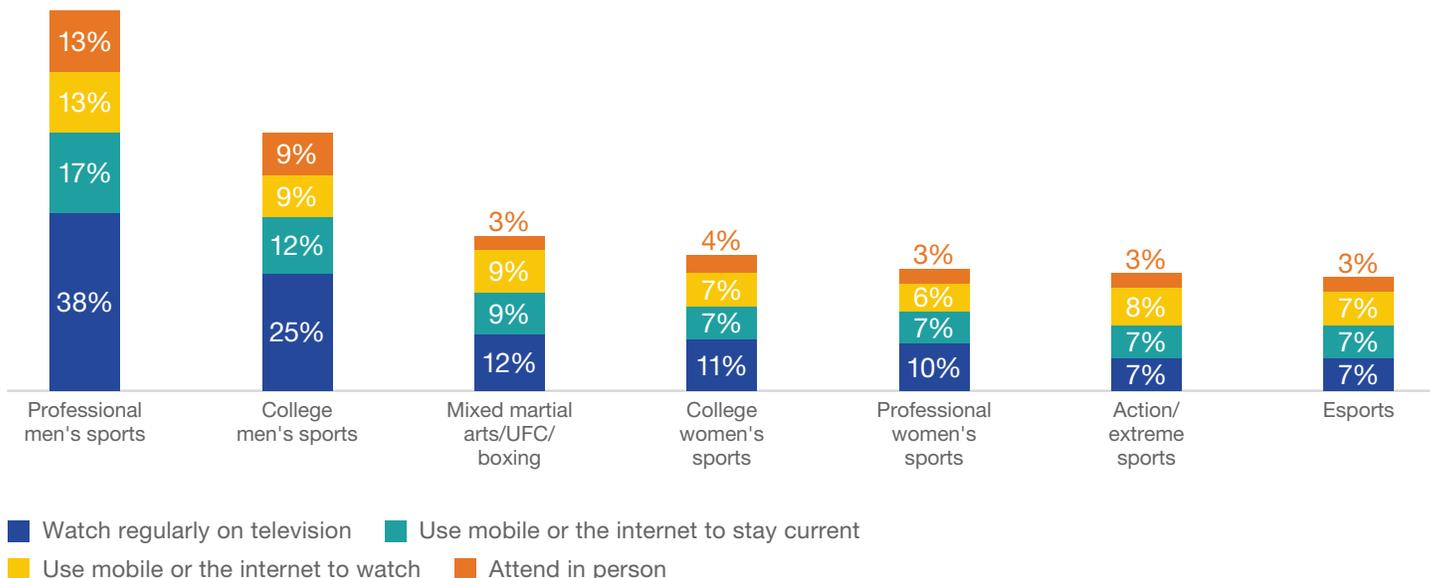
39%

of adults 18-34 bet on sports using an app or website.

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

As media diversifies, where will fans follow their sports?

Q. Please indicate how you interact with the listed sport.



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

Matt Carmichael: What does the sports streaming landscape look like in five years?

David Gandler: You'll have a lot of experimentation on the direct-to-consumer side. I could see leagues doing more direct-to-consumer. Distribution is key for sports because it's so expensive. So I don't foresee a situation where you have smaller services that are holding onto exclusive rights. And when I say smaller services, I would include ESPN+ in that.

Carmichael: How will the fan experience change in terms of how people consume sports and interact with sports content?

Gandler: We believe that there's going to be more interactivity around sports, almost Fortnite-ish, if you will, where younger people are getting used to playing these types of games and being able to control and buy digital goods and use digital coins and interact in a whole new way. I believe that you'll see some augmented reality, as well, that will start to become part of these types of viewing experiences. So people can really talk about their favorite teams and their favorite players.

“We believe that there’s going to be more interactivity around sports, almost Fortnite-ish, if you will.”

Carmichael: Do you see esports coverage being something that gains a little traction?

Gandler: I thought—and this is where I was wrong—that the window for esports was during COVID. We didn't really see that take place. Young people are used to watching a lot of esports clips on YouTube and Twitch, and they don't necessarily have to be live.

We haven't seen from our data that esports was able to gain traction at a time when one would expect it to gain traction with the lack of availability of sports programming on TV. I'm not super bullish on esports.

Carmichael: How do you view gambling in terms of its role in fan engagement?

Gandler: I look at gambling companies. Their job is to maximize revenue opportunities. That includes targeting whales and having VIP services and hotlines. That's not the goal here with FuboTV. It's about gamifying the experience and turning passive viewers into active participants. That will create a flywheel for us, where improved engagement means better attention. Better attention means that people are visiting the platform more often and watching more sports, which leads to obviously more advertising time, which leads to better monetization and our ability to acquire more and more content.

Carmichael: What sort of possibilities do you foresee?

Gandler: When you have a large video base that is spending dozens and dozens of hours watching sports every month,

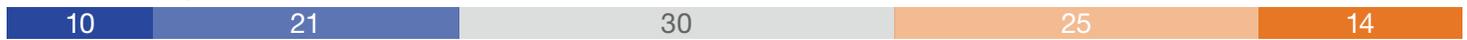
What is the next horizon for sports fans?

Q. How much do you agree or disagree with the following? (% Selected)

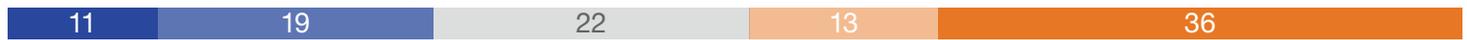
Watching sports on TV is just as much fun as attending in-person sporting events



Esports are boring to watch*



I would watch live sports in virtual reality if it was available



I am more interested in esports than traditional video games**



I would watch virtual sports in virtual reality if it were available



I would like to learn more about esports***



■ Strongly agree ■ Somewhat agree ■ Neither agree nor disagree ■ Somewhat disagree ■ Strongly disagree

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults, including * asked of n=562 who watch esports, ** asked of n=1,184 familiar with esports, *** asked of n=1,733 familiar with esports.)

it allows us to create discrete betting markets. If you like to bet on strikeouts, we might be able to send you information saying, “Hey, there are four other games on with two strikes. Do you want to switch channels?” and as you switch channels the bet slip comes up.

Carmichael: With the proliferation of streaming networks and teams and leagues starting their own services, it's hard, as a fan, to find the games you want to watch without multiple services.

Gandler: I've said we're going from a world of bundling to unbundling to ultimately rebundling. In the next year or two, I think the level of viewer frustrations will continue to increase. Pricing will also increase, as the cost of entertainment and sports are becoming more expensive. And it's becoming much harder for shows to surface through the clutter, which is where aggregation comes in.

There's a forcing function here, too. Wall Street will only accept losses [from streaming services] for so long. And if these streaming services continue to show high levels of churn, they're going to have to offset that with selling content to bundlers. I think naturally you'll see that happen over the next 36 months.

Carmichael: Do aggregation and platforms like this give us an opportunity to start to address some of the fandom gap with women's sports and some lesser-known sports leagues?

Gandler: The good news about streaming is that we don't have any limitations, right? To some degree, streaming will be able to solve this problem. It will surface that content in a much cleaner way. So if anyone's looking for baseball, they'll get softball as well.

Carmichael: FuboTV is investing in its own content, starting with soccer coverage in both English and Spanish. Is this to develop more diverse and younger audiences?

Gandler: Absolutely. We want to create a platform that engages younger audiences and delivers the type of content that they want to watch. Soccer is important internationally and it's becoming a much larger sport in the United States.

Matt Carmichael is the editor of What the Future and VP of Editorial strategy for Ipsos North America.

“It's about gamifying the experience and turning passive viewers into active participants. That will create a flywheel for us, where improved engagement means better attention.”

How can brands help solve the chicken/egg dilemma in women's sports coverage?



It has been nearly 50 years since Title IX laws granted women equal opportunities in sports. Yet opportunities for fans to watch women's sports and grow their fan bases haven't changed since the early '90s. This despite the birth of the WNBA, growing popularity of the United States women's national soccer team, and, well, the existence of Serena Williams. This is a glaring miss for viewers and brands as fanbases are built on publicity.

Ipsos data shows that a plurality (46%) of Americans agree there needs to be more media coverage of women's sports. Among sports fans (those that report following at least one sport closely), even more (60%) agree.

Just 5% of total television sports coverage focuses on women's sports, according to a three-decade study by University of Southern California and Purdue University. Moreover, they found there's been little growth in women's sports coverage in TV news and highlights shows, which these researchers say are essential to build fan knowledge, engagement and audiences. Ipsos research underscores this atrophy of interest.

The number of Americans who say they are "not a fan" of professional women's sports is nearly twice the amount who say the same for professional men's sports. Worse, women are more likely than men to identify as "not a fan" of women's pro sports (80% women vs. 66% men) and women's college sports (77% women vs. 62% men).

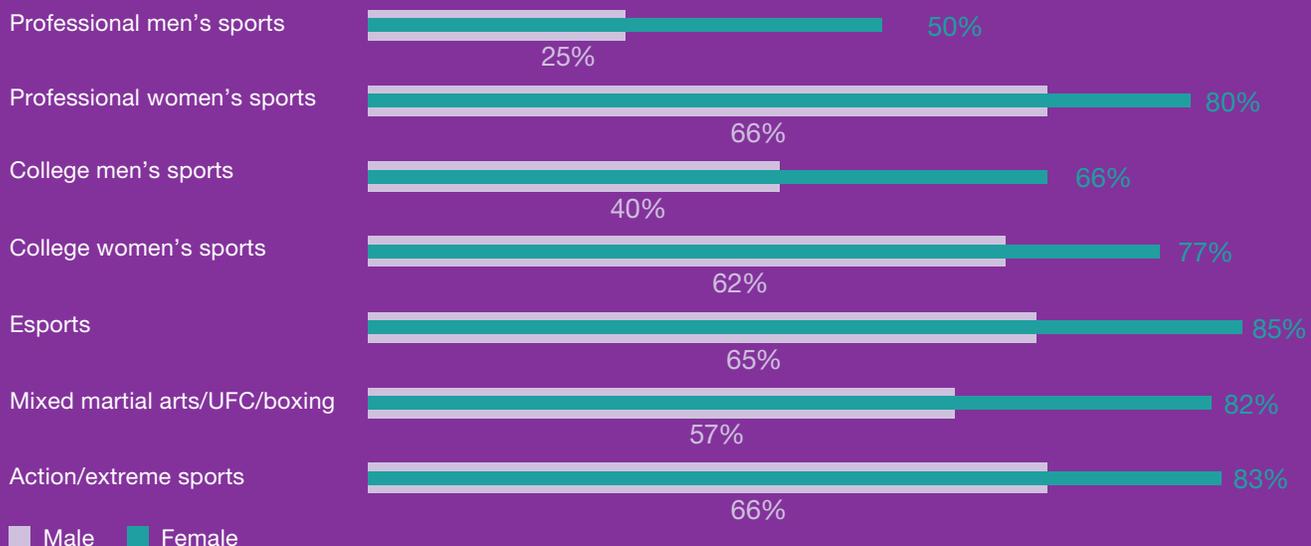
With women's sports hardly shown on TV, are the reported consumption and fandom gaps because people aren't watching them or because they can't? Efforts like The Fan Project show women's sports fans are turning to digital platforms to watch the play they can't get from traditional media. Meanwhile, it seems that athlete activism and calls for gender parity are front and center in the broader media arena (pun intended).

Female athletes have been at the forefront of using their voices to bring change to the future of sports. And we may be at a tipping point: A recent Axios/Ipsos survey found that a slim majority of Americans support professional athletes speaking out on political or social issues. In an era where brands are eager to assert their outside influence for purpose, boosting the fan experience and access to watch women's sports is perhaps their biggest opportunity. Women are waiting.

Mallory Newall is vice president of Ipsos' U.S. Public Affairs service line.

What's keeping women on the fandom sidelines?

Q. Please indicate below how you interact with the listed sport. — Not a fan



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

Question:

What is the smart bet for how gambling will impact fan engagement?



Laila Mintas

CEO of PlayUp USA



Laila Mintas is the CEO of PlayUp USA, a global online sports betting and fantasy sports company, and a frequent author on global gaming laws and regulations.

When she thinks **What the Future**, she is thinking about all the ways betting can drive sports fan engagement. And trust us, there are many, many ways.

22%

of American adults bet on sports using an app or website, with men outbetting women by nearly 3:1.

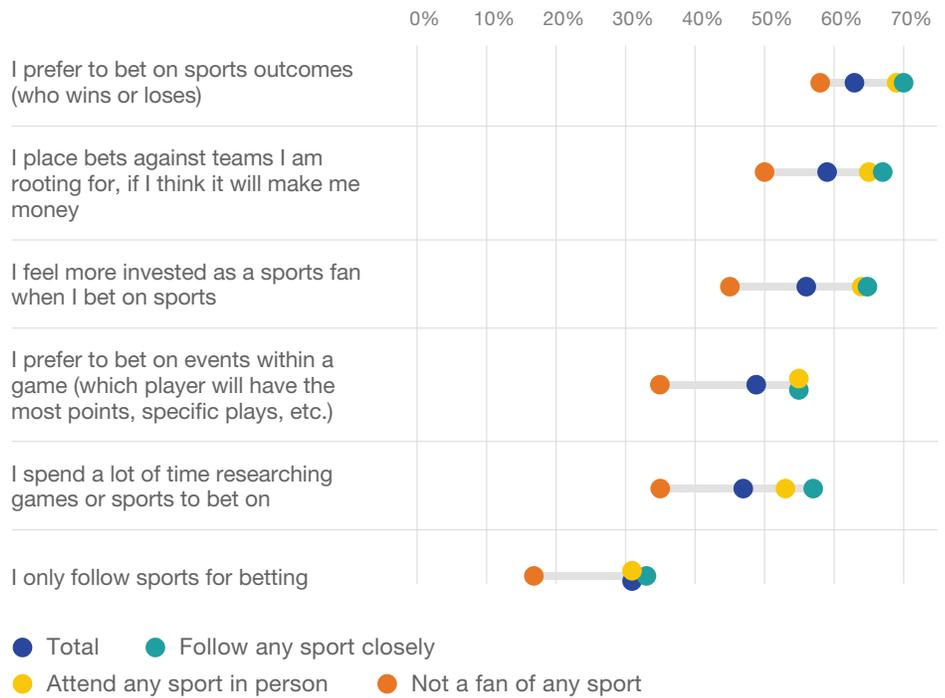
(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)



“We can use sports betting as a tool to engage fans and to introduce sports to them that they will usually not watch.”

As sports betting grows, how will it impact fandom?

Q. How much do you agree or disagree with the following statements? (Total agree)



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 438 U.S. adults who bet on sports using an app or website.)

Matt Carmichael: How does betting and gambling tie into fandom for sports?

Laila Mintas: Studies have shown that if you have the opportunity to bet on sports, you watch more games, you watch games for a longer time, and you watch them up to the end because you want to know if your bet is successful or not. That is especially true for the younger generation.

Carmichael: Will betting bring new fans into sports?

Mintas: I have always thought women’s sports betting could lead to engagement with female sports overall. We can use sports betting as a tool to engage fans and to introduce sports to them that they will usually not watch.

Carmichael: I was just watching Olympic table tennis highlights. Do events like that lead to more exposure?

Mintas: When traditional sports were suspended during the pandemic some companies aired Russian table tennis and people would bet on it.

That shows you that once you have differentiated content, if you have the opportunity to bet on it, you will start watching it.

Carmichael: Do you need to be a fan of something to bet on it?

Mintas: The majority of people really want to bet on something because they find it interesting. They want to watch it.

Carmichael: With today’s and tomorrow’s technology, are there any limits on the kinds of betting you can do in-game?

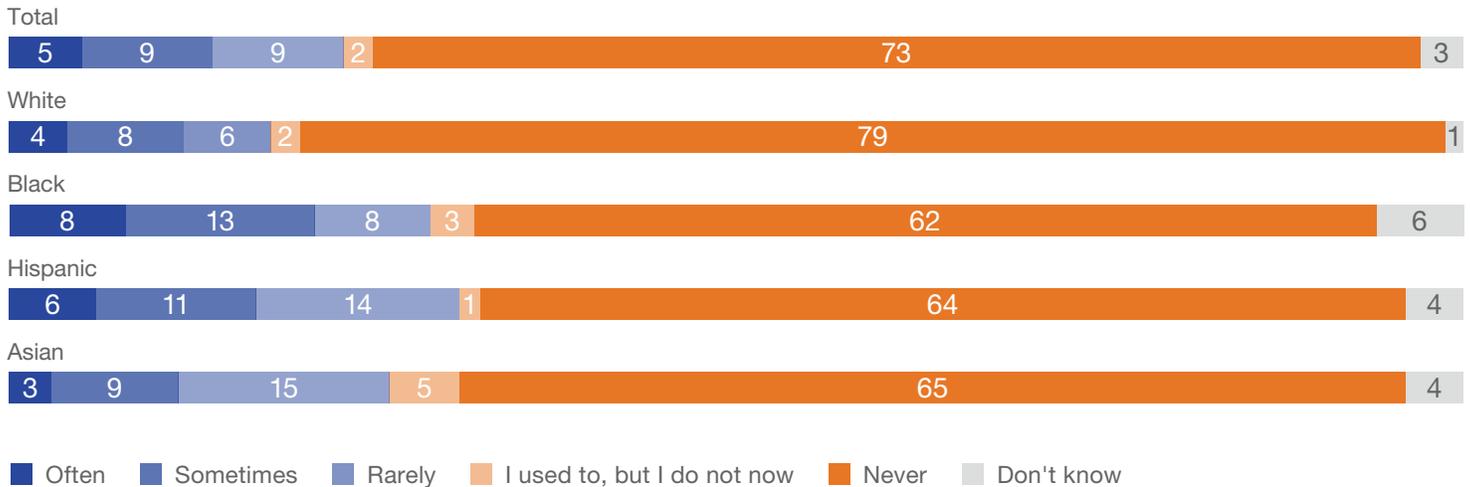
Mintas: You can bet on everything that happens in a game. To give you one example out of the soccer world, you can bet on things like who is next to get a red card or yellow card. We offer over 500 different betting markets. But from a regulatory standpoint, we are limited in what we can offer.

Carmichael: In one of our scenarios, we see a world where a fan watching a game with friends could bet \$20, but it’s split over 50 or 100 micro bets throughout the game.

Mintas: You can actually build your own bet and basically build your own parlay, if you will. It’s important to give the

Who are today's bettors?

Q. How frequently, if at all, do you do any of the following? - Bet on sports, using an app or website (% Selected)



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

customer a lot of flexibility. From a tech perspective, nowadays it's endless. There's so much you can do as long as you comply with the regulations.

Carmichael: How is the regulatory climate in the U.S. changing?

Mintas: It's actually changing in some ways very quickly. One example: If you look into the progressive markets that have started to legalize sports betting, esports betting was not always involved. With the new markets that are coming up, you'll see more esports betting being included, which makes sense because the esports space is huge and growing.

Carmichael: Are there some kinds of media partners and/or media that are better partners?

Mintas: I don't think there is any medium that could not benefit from sports betting. A great invention that I have seen lately is that you watch TV and then you have your bet as a digital overlay on your screen.

Carmichael: How do you balance the fun of betting with the potential for serious gambling addictions?

Mintas: We take it very seriously. We monitor every single customer

“I don't think there is any medium that could not benefit from sports betting.”

[for signs of problem gambling]. From a reputation standpoint, we have such a young sports betting community. We cannot afford to have lax standards. At this point, that might hit us back later as states wouldn't legalize sports betting.

Carmichael: Is there a future where we are creating new kinds of sports with betting in mind, played by virtual athletes in a virtual world?

Mintas: We are almost there already. In other markets, not the U.S. yet, you can bet on virtual sport teams. Those products are like a slot machine because you're just betting randomly, but instead of symbols that you see on a machine, you're betting on a game every, say, 90 seconds.

Carmichael: How does the new data we have about sports and athletes change betting?

Mintas: Many data companies are looking into tracking data of athletes and how they use tracking data for sports betting. Think of an NFL athlete in terms of how he's performing, or the speed of the athlete, etc., and using that kind of data for betting. It will be more sensor-based than computer vision in terms of a solution. I could see that innovation happening in the U.S. rather than more mature markets.

Carmichael: On the flip side, as fans have more finely tuned data available, does that make it easier for fans to make the right bet on things?

Mintas: That might not always be the case, but at least you feel smarter about your bet. You're more encouraged to place a bet because you believe you have the knowledge. That's engaging because the more data you have, the more you want to test it out and see if you can beat the sportsbook.

Matt Carmichael is the editor of What the Future and VP of Editorial strategy for Ipsos North America.

How are the futures of fantasy sports and betting linked?

Fantasy sports have been around for ages in various formats and are entering a new era in the advent of legalized sports betting.

For decades, in sports simulation board games like Strat-O-Matic, leagues of friends would compete for pools of money, trophies and sometimes even just bragging rights. Then the internet (and especially Yahoo) ushered in fantasy leagues where people competed with their office or college buddies, plus people they knew only online.

More recently, online sportsbooks like FanDuel and DraftKings have rapidly built audiences used to wagering real money on their fantasy leagues.

Statista estimates that fantasy sports services are already an \$8 billion industry in the U.S. As sports betting gains its audience with increased legalization, there's very little philosophical distance between "I want that player on my fantasy team" and "I want to bet on that player's performance."

Further, these betting-based leagues offer something "traditional" leagues don't: real-time winning. As Detroit Lions fans know, you often only need to get a couple of games into the season before you know you're not going to finish in the playoffs. Being able to "win" or "lose" each week, each game or even each play or possession will make fantasy betting a much more entertaining, engaging, and compelling offer.

Ipsos data shows that online sports betting is already nearly as popular as either playing in fantasy leagues with friends, or with others online.

Imagine, as the experts interviewed in this issue clearly have, what the potential is if betting becomes legal in all 50 states. Currently, betting is governed at the state level. Many states don't allow sports betting at all. A growing number do, but it's tightly regulated.

Another emerging trend is cryptocurrency-based "fan tokens," which live in the intersection of fandom and

investment. These tokens allow fans to have a stake in decisions made by their favorite teams—think of it like an evolved version of a fan club but with gamification and investment potential built in as the value of tokens can grow over time.

Together, these platforms offer new, exciting and evolving ways for fans to engage with their favorite sports, their friends and, increasingly, their bank accounts.

Zach Sanders is a director in Ipsos' U.S. Innovation and Market Strategy & Understanding service lines.

How will sports betting change the game for fantasy sports?

Q. How frequently, if at all, do you do any of the following? (% Selected)



■ Often
 ■ Sometimes
 ■ Rarely
■ I used to, but I do not now
 ■ Never
 ■ Don't know

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

Question:

How will esports impact traditional sports fandom and marketing?



Jason Lake

**CEO, Complexity Gaming,
global head of esports for
GameSquare Esports Inc.**

38%

of adults 18-34 are familiar with esports.

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S.adults.)

When Jason Lake left the law business in 2003 to form a professional competitive gaming team, friends and family told him it would never amount to anything.

Today, Lake is CEO of Complexity Gaming and global head of esports for GameSquare Esports Inc., the sister esports team to the Dallas Cowboys. Millions of fans worldwide compete and watch teams in tournaments for games like “Apex Legends” and “Counter-Strike: Global Offensive.” They also follow players who earn millions from tournament winnings and by broadcasting their games, strategies and entertainment content on live streaming platforms like Twitch and YouTube. When Lake thinks **What the Future**, he’s focused on maturing the industry and making it more inclusive and professional.

Kate MacArthur: How has the pandemic affected the growth of esports?

Jason Lake: There are data firms called Streamlabs and Stream Hatchet. They determined that Twitch viewership has more than doubled in the space of a year, Twitch being one of the primary outlets for streaming video games. That type of growth



“It’s only logical to believe that the esports spike will have a correction. But we’ve permanently increased the ecosystem’s overall economic and cultural relevance.”

I don't think would have been possible without the unfortunate pandemic and quarantine situations.

MacArthur: How do you expect that to trend going forward?

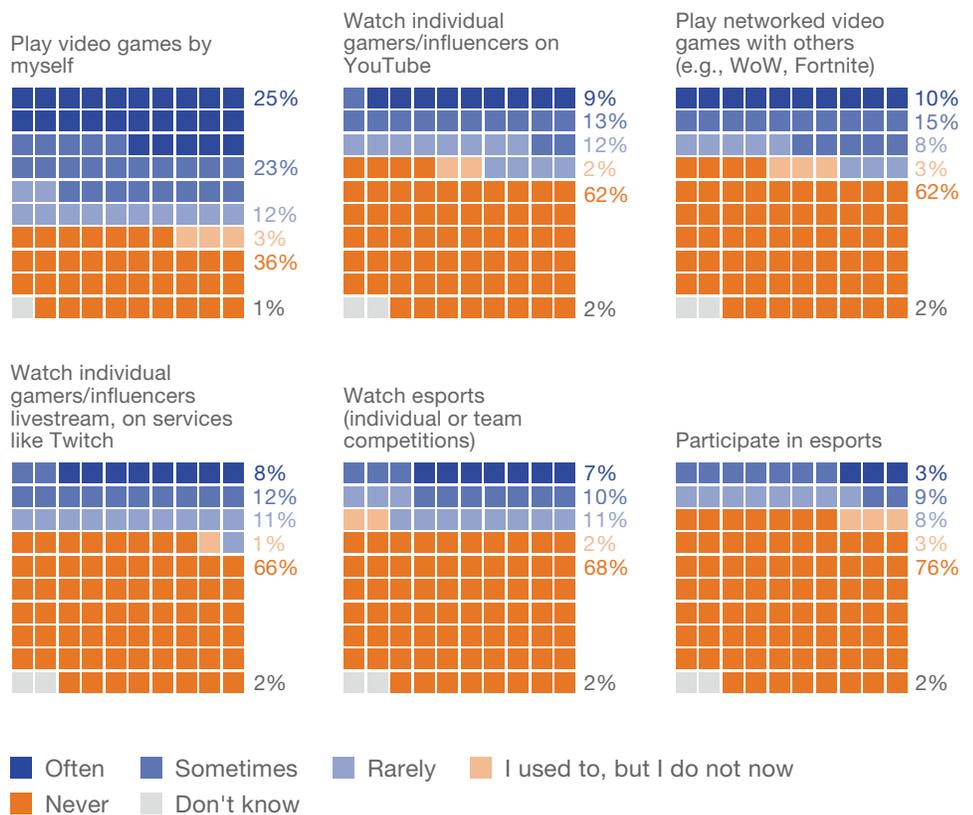
Lake: It's only logical to believe that the esports spike will have a correction from the past year's explosive growth. But we've permanently increased the ecosystem's overall economic and cultural relevance. That changing of the cultural relevance and the melding that we've seen across sports, entertainment, movies, music and now gaming on the digital level will continue to accelerate.

MacArthur: Our research finds that 76% of American adults on average are not fans of esports. However, younger adults, people with kids in the household and Black and Hispanic consumers are much more likely to be fans.

Lake: Our core demographic [people under the age of 35] is arguably the most valuable demographic for marketers. Marketing departments in many companies are constantly asking themselves, "How do we market our services and create brand loyalty with the coming generations?" More and more, esports and gaming are a big part of that solution.

How is competitive play evolving?

Q. How frequently, if at all, do you do any of the following?



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

MacArthur: What do you have to change to grow the diversity of players and teams?

Lake: Just making sure that you have a level playing field that is safe and inclusive. You have to combat the toxicity of those that would hate on other gamers, whether it be for their sex or their nationality or the color of their skin. There has to just be zero tolerance for that type of behavior.

MacArthur: You just signed a women's team. How will this advance your agenda?

Lake: By enabling these players to have a platform to share and support their perspectives and be leaders in the industry.

MacArthur: Where does gambling fit in esports?

Lake: Institutionalized and regulated esports betting will only increase the integrity and professionalism of what we're doing. But we also have a duty to be sure that we do so in a way that's regulated and done thoughtfully, so it's a benefit to mature adults that want to engage with gambling in our world, but not allowing it to become a problem for people that might be too young to understand what that choice might mean.

MacArthur: How might sports and esports merge in the future?

Lake: I believe each will still maintain their own identity because esports is different in many ways from going outside and throwing a football with your friends. But in many ways they will merge into the social consciousness.

MacArthur: What is the promise of the metaverse for esports?

Lake: There's already an online world called Decentraland where you can go in, walk around this metaverse in your avatar. You can buy property for thousands and thousands of dollars inside the game, and you secure those property rights via a decentralized blockchain ownership, similar to the backbone of Bitcoin.

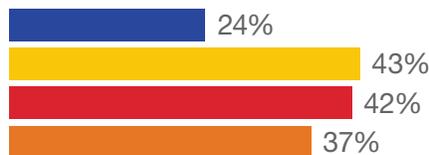
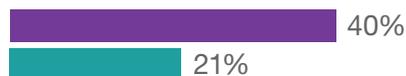
MacArthur: Can you riff on what you think could happen there?

Lake: We'll see digital sporting events, we'll see digital concerts. We'll see digital property where you can have a fancy house

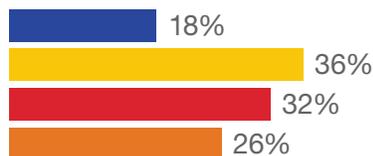
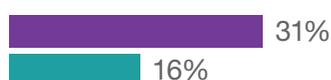
Where are the opportunities for inclusion?

Q. How much do you agree or disagree with the following? (Net agree)

I would watch live sports in virtual reality if it were available



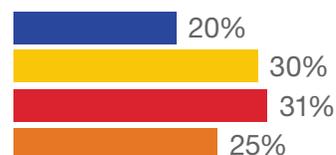
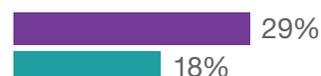
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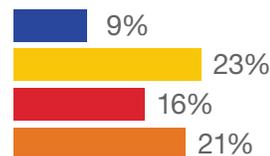
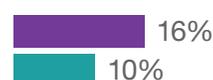
Male (purple), Female (teal), White (blue), Black (yellow), Hispanic (red), Asian (orange)

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

I am more interested in esports than traditional video games



I would like to learn more about esports



that you've bought and you own, and your friends can come in their avatars and watch sporting events together. It's incredibly logical to assume that esports [competitive gaming] will definitely have a piece of that action.

MacArthur: In our survey there's a contingent that thinks it's boring to watch esports.

Lake: As you know, the youth of today are not interested in traditional cable television. They're going to consume their content on YouTube, on Twitch, on TikTok, maybe on Netflix.

As far as how esports has presented on the competitive platform, that's constantly in flux. Will esports be for everyone? Absolutely not. But will it garner a large enough global viewership and fan base to be a sports and entertainment juggernaut for the next 50 years? Absolutely.

MacArthur: Should we expect more activity with non-fungible tokens (NFTs) (see page 16) for esports?

Lake: We have an agreement with a trading card company called Epics. They make trading cards out of our players and they sell them, and we get a small commission and the player gets a small commission. Then a year, year-and-a-half later, you see them on eBay and they're drastically marked up and the person who [initially] bought them makes a good profit.

The beautiful thing about NFTs is, if I sell an NFT of one of my star players or our logo, and then in two years that person decides to sell it and the value greatly goes up, I get a commission again. In 50 years, if that thing sells for a thousand times its original price, I get a commission again. It's a game changer for that revenue stream in our business.

Kate MacArthur is deputy editor of What the Future and deputy editor of editorial for Ipsos in North America.

Are consumers ready to embrace esports stars as endorsers?



Image: Nike / Sony

Celebrity endorsements continue to be a go-to strategy for brands, despite mixed results.

As brands connect with esports to reach the elusive youth audience, endorsements are sure to follow. While they are great at grabbing attention, all too often we see the celebrity overshadow the brand. Since endorsements and starring roles don't always come cheap, how effective are celebrity assets?

New meta-analysis conducted by Ipsos has shed more light on the best ways to use celebrities in advertising. This analysis measures creative variables in video ads and cross-references them with the Creative Effect Index, a sales-validated metric from Ipsos communication testing, to better understand what helps ads drive sales. Two findings from the most recent meta-analysis of ads shed light on the best ways to include celebrities in advertising:

- Sports celebrities add more value than entertainment celebrities.
- Ads get an additional boost when celebrities are positioned in the context of their fame.

How do these insights translate to esports? A clear finding from our analysis reinforces that positioning celebrities in their natural field is one way to maximize the impact. In other words, context matters. Down the road, it may become commonplace where celebrity endorsers aren't even real — they're robotic or virtual,

like a game character. In the meantime, there's a new crop of esports leagues and their related stars to tap into. Brands can apply Ipsos' celebrity endorsement learnings for esports, with a few modifications:

Is your brand active in esports already?

Is there a brand fit? Can you show your chosen partner in a natural role within esports while linking back to your brand? Does the endorser mirror or conflict with your brand's core values and purpose?

Does your core consumer recognize the esports celebrity?

Unless you have a reasonably niche brand, product or category, will enough people know who the endorsement is from? This is where awareness, perception and brand fit testing with your core consumers can strengthen your investment.

What's the potential for mass appeal?

This is perhaps the biggest conundrum for esports — the lack of a "breakout star" who generates appeal outside of the core fans. However, as many celebrities from Hollywood and traditional sports organizations are fans, players and investors in esports, there may be opportunities to team up together to boost cross-over awareness.

Pedr Howard is senior vice president of Ipsos' U.S. Creative Excellence service line.

Which celebrity endorsers break through more with consumers?

Ad scores on the Creative Effect Index were sorted by celebrity type.

Sports

151

Movies or TV

88

How does context shape effectiveness of celebrity ads?

Ads were analyzed for whether or not the celebrity was featured doing what they're famous for.

In context

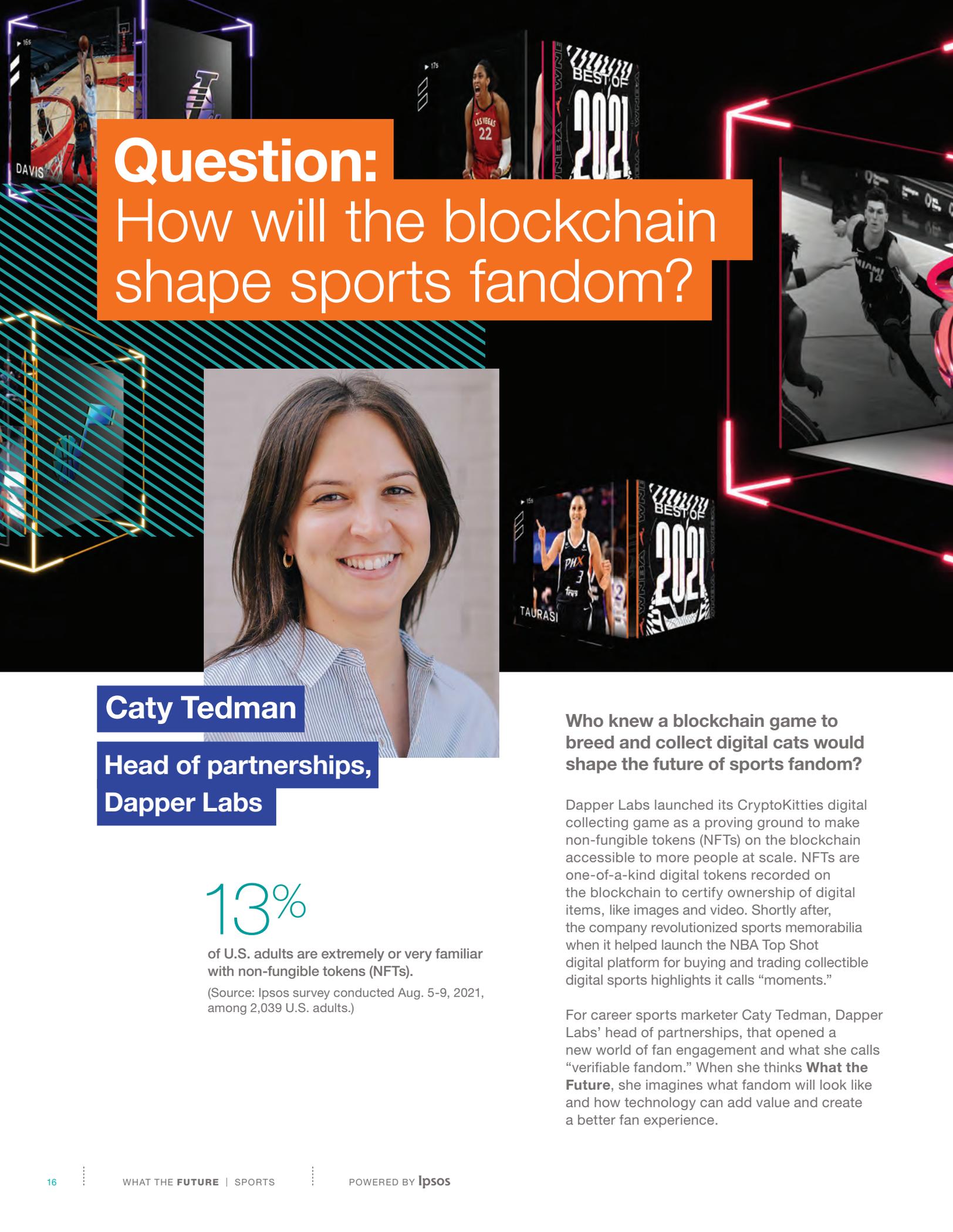
144

Out of context

110

Index

(Source: Ipsos meta-analysis conducted July 2021 of 2,700 ads.)



Question:

How will the blockchain shape sports fandom?



Caty Tedman

**Head of partnerships,
Dapper Labs**

13%

of U.S. adults are extremely or very familiar with non-fungible tokens (NFTs).

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

Who knew a blockchain game to breed and collect digital cats would shape the future of sports fandom?

Dapper Labs launched its CryptoKitties digital collecting game as a proving ground to make non-fungible tokens (NFTs) on the blockchain accessible to more people at scale. NFTs are one-of-a-kind digital tokens recorded on the blockchain to certify ownership of digital items, like images and video. Shortly after, the company revolutionized sports memorabilia when it helped launch the NBA Top Shot digital platform for buying and trading collectible digital sports highlights it calls “moments.”

For career sports marketer Caty Tedman, Dapper Labs’ head of partnerships, that opened a new world of fan engagement and what she calls “verifiable fandom.” When she thinks **What the Future**, she imagines what fandom will look like and how technology can add value and create a better fan experience.



Do people know about NFTs?

Q. How familiar are you with non-fungible tokens or NFTs? These are unique digital properties and collectibles that are stored via blockchain and available to be traded with others or sold.

Total

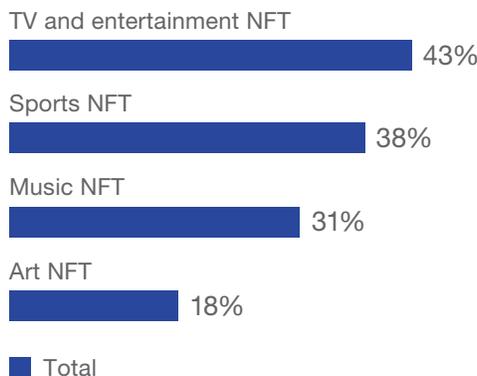


■ Extremely familiar
 ■ Very familiar
 ■ Somewhat familiar
■ Not very familiar
 ■ Not at all familiar

(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults.)

Are those who know about NFTs buying them?

Q. Which, if any, of the following have you purchased in the last 12 months?



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 271 U.S. adults who are extremely or very familiar with NFTs.)

Kate MacArthur: What did NBA Top Shot tell you about how digital collectibles engage and shape fandom?

Caty Tedman: What we hear anecdotally is, “I watch more games. I had lapsed, and I’m back. I had never been a fan, and now I’ve picked a team and bought a jersey.” I’m interested to see downstream if surveys show that participating in digital goods drives physical merch sales as well.

MacArthur: Have the ways that people express fandom changed?

Tedman: It is still to a certain extent about a tribe. The concept of favorite team is definitely there, but what’s interesting is, in our product, it’s not necessarily just team. It may be collection. It creates different opportunities to display that

fandom, which used to be, “I’m a New York Rangers fan,” and that’s it. And now it’s, “I am a New York Rangers fan, but I also have this great collection of players from the New York area.”

MacArthur: How much did the pandemic help or hinder and what’s the staying power?

Tedman: In less than a year, we have over a million registered users. We have averaged over \$1 million in daily marketplace transactions over the last 60 days. People are not at home anymore. That tells me that even though we may have had a captive audience for the very beginning, we don’t have a captive audience anymore. We’ve done over 3.7 million transactions for \$10 or under, I believe. Those things tell me that this is something that’s mainstream accessible. It’s something that has sustained power.

MacArthur: Will digital collectibles make fandom bigger, or will it replace some things?

Tedman: Fifteen years of experience in sports has told me nothing replaces anything else. It’s really additive to the fan experience, but it may impact a lot of other places where fan expectations could be different once you truly own the things you’ve bought on the internet.

MacArthur: Will the average person or casual collector be able to make their own NFTs?

Tedman: Yeah. We have at least two or three different platforms on the flow blockchain that allow you to make your own NFTs. There are going to be interesting fights about IP [intellectual property] rights around that.

MacArthur: How will the metaverse play into creating virtual digital goods, but also having digital experiences? Will it be able to capture them and create more digital goods out of them, particularly for sports, like watching a basketball game on Fortnite?

Tedman: There already is a really interesting two-way street of entertainment. When we do a Legendary pack drop [a release of a collectible pack], there are very few people who are eligible within their collector score [a scoring system designed to reward committed collectors with access to more rare and valuable packs] to even participate in that. And we still see tens of thousands and hundreds of thousands of people show up for a livestream just to see what's in the pack, who's announcing it, what are they talking about, what do they have to say.

There's a real blending of commerce, gaming and entertainment. We're going to see that continually where you may have the right collection or the right collector score to unlock something that's experiential, whether that's digitally experiential or physically experiential. The other

“We’re not creating new behaviors. We’re tapping into the things that people already love.”

side of that is wanting to memorialize being at that thing and being able to collect something from it.

MacArthur: Our data shows that interest in NFTs among younger consumers and parents with kids at home are roughly double the average American.

Tedman: That tells me that we've done a good job of exposing sports fans more so than average Americans to this technology. But it also tells me that we have a huge opportunity to tap into things that people love that are not sports.

MacArthur: We also found that sports fans were more interested in NFTs for the fun of collecting or as an expression of their fandom more so than as an investment.

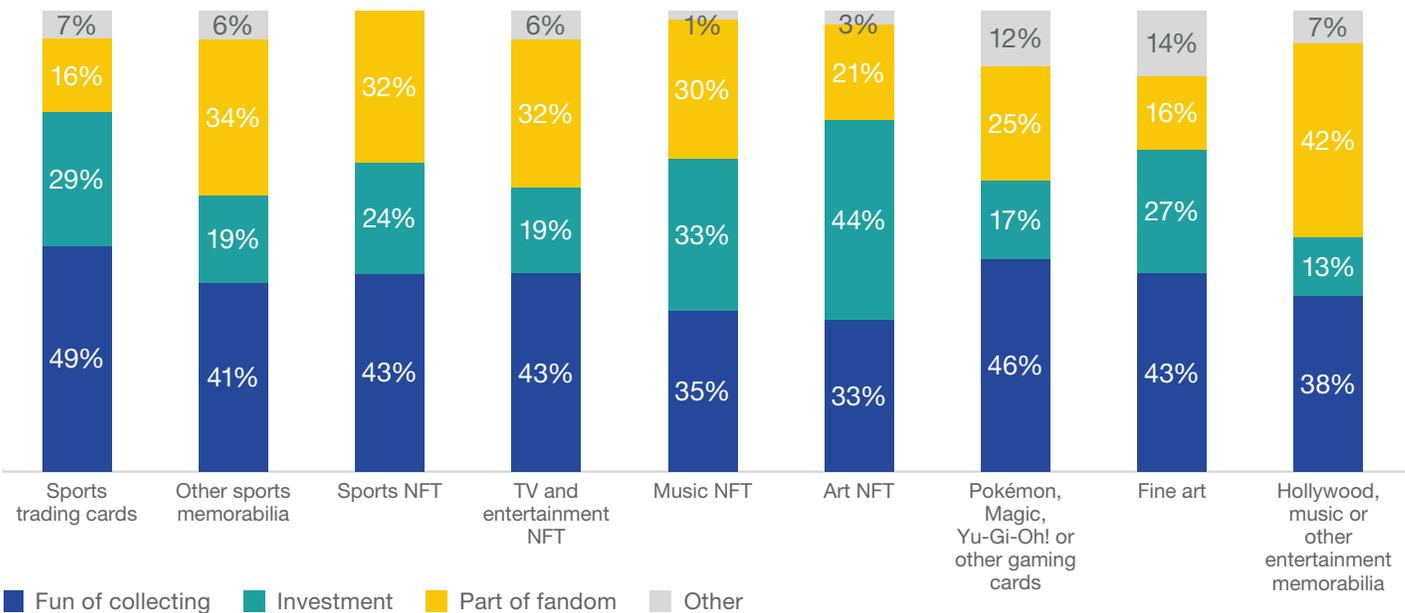
Tedman: We don't need to educate sports fans because they are natural collectors. NFTs also create opportunities for brands to reach the people who couldn't make it to the stadium or the arena or the coffee shop where a band is playing and still allow people who are fans to show they're fans.

I am very excited to see what happens in music. I love the concept of showing up on a Tuesday night to a venue that 15 people showed up to, grabbing an NFT, and once [the band gets] big, sticking it right in my friend's face being like, "I told you, this band was great. I was there on Day One." But that's a behavior, right? We're not creating new behaviors. We're tapping into the things that people already love.

Kate MacArthur is deputy editor of What the Future and deputy editor of editorial for Ipsos in North America.

How do digital collectors compare to traditional collectors?

Q. What was the main purpose for your purchase of the following collectibles?



(Source: Ipsos survey conducted Aug. 5-9, 2021, among 2,039 U.S. adults who purchased these collectibles in the past 12 months, including 271 who are extremely or very familiar with NFTs.)

How will digital collectibles factor into Affluent sports collections?

Look at any sports collector’s “fan cave,” and you’ll likely see trading card albums, autographed photos, uniforms and game equipment. How will that shift as sports collectibles become increasingly digital?

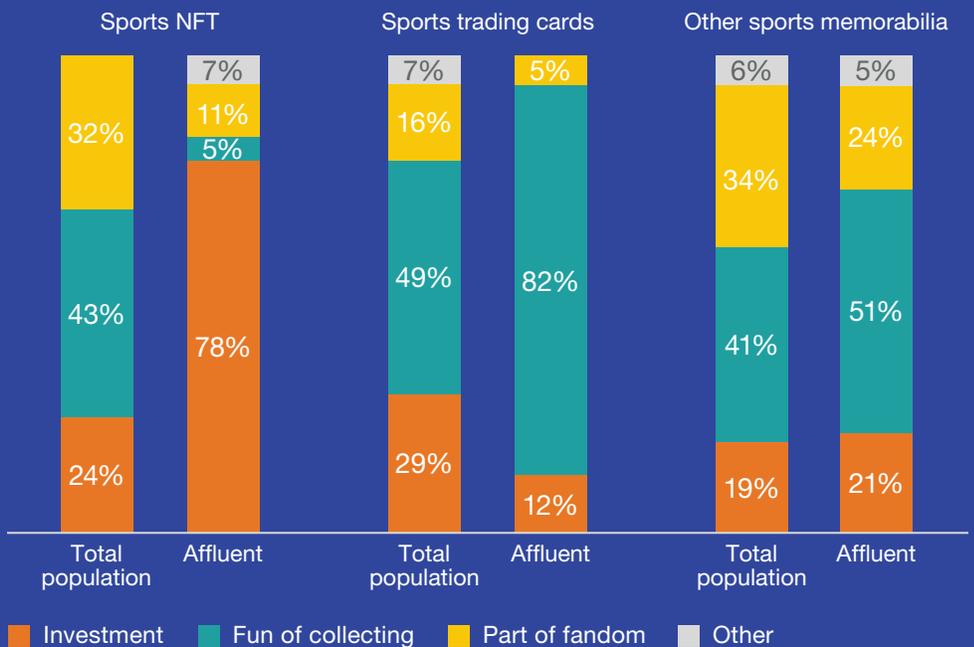
NFTs, or non-fungible tokens, have exploded on the collector markets, from art to music to sports. Simply put, NFTs are a kind of certificate of authenticity stored on the blockchain to verify ownership of myriad digital assets. Unlike fiat cash or cryptocurrencies like bitcoin, NFTs can’t be swapped or exchanged for similar items, which makes them ideal for collectors.

We’re in the early stages of what could become a huge market and new category in the evolution of sports collectibles. So far, NFTs appeal to a small segment of the population, especially the Affluent, which Ipsos defines as people with household incomes of \$125,000 or higher. Only 30% of Affluents consider themselves “somewhat, very, or extremely familiar” with NFTs, according to the Ipsos Q3 2021 Affluent Barometer. This is slightly more than the non-Affluent population (26%) and it is largely driven by men (37%) and Millennials (43%). However, 57% of Affluents who have some knowledge of NFTs are interested in learning more about them.

When Affluents buy sports NFTs, they’re mainly as investments (78%). Although sports NFT prices can start in the single dollar ranges for common collectibles, others already have reached heady prices, like an NFT of a single edition photo of LeBron James called The Statue of LeBron, offered at more than \$30 million.

How does wealth shape sports collections?

Q. What was the main purpose for your purchase of the following collectibles?



(Sources: Ipsos survey conducted Aug. 5-9, 2021; Ipsos Q3 Affluent Barometer conducted Jul. 26-Aug. 9, 2021; each among U.S. adults who purchased these collectibles in the past 12 months.)

Among Affluent sports NFT buyers, we don’t see a lot of overlap with traditional card and memorabilia buyers. Those buying cards and memorabilia do so much more heavily for “the fun of collecting” (82%) and as “part of fandom” (51%), further validating sports NFTs as investments (78%).

Affluents also are far more likely than the overall population (24%) to see NFTs as investment vehicles.

Conversely, they’re more apt to collect trading cards and other sports memorabilia for fun and less for fandom than the overall population.

While we anticipate NFTs topping the 2025 luxury holiday shopping lists, this probably won’t change until we figure out how to display digital objects in our homes, at least the physical ones.

Jesse Peretz is a director in Ipsos’ U.S. Audience Measurement service line.

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