The Digital Experience of the Future

A forward look at live sports streaming

By Michael A. Kashmer / *Digital Broadband Programming Consultant*

Sports networks continue to attract subscribers with ESPN, the Walt Disney Company's premium sports video service, and ESPN+, its over-the-top streaming subscription service. ESPN officials said that ESPN+ attracted 568,000 new subscribers during a single weekend in January 2019. ESPN+ already boasted more than 1 million subscribers by September 2018, five months after its launch, and ESPN is making a concerted effort to hold on to these new subscribers. Its biggest hit was the UFC's mixed martial arts event, which showed Disney making a major bet on streaming to become a head-on competitor with Netflix.

ESPN's business plan calls for growth in the number of sports rights. A five-year agreement with UFC gives ESPN 20 exclusive UFC Fight Nights a year. Besides adding sports content rights, ESPN is building out the infrastructure and apps to deliver those games, such as personalized content recommendations. The sports net has already begun rolling out on-demand programs, including studio shows, documentaries and original programming.

Cable depends on sports to retain subscribers. Five of six "must-have" shows are news and sports, according to a recent survey by Altman Vilandrie & Company.

Juniper Research forecasts global OTT video revenue will reach $32 billion in 2019. As streaming numbers grow and additional sports events come to market, such as Showtime's first 2019 pay-per-view boxing event, the streaming tide "lifts all boats." SHO's Las Vegas event drew about 400,000 PPV buys at $55 retail and reported results above expectations. I'll bet.

This year's Super Bowl LIII, which was shrouded in controversy long before the game started, didn't fare as well. The low game score, strong negative press about athletes kneeling, A-list celebrities who boycotted the game along with fans, and a halftime show that "Deadline Hollywood" called one of the worst ever after multiple music stars turned it down all added to the avalanche of bad vibes. CBS Sports reported 100.7 million viewers for the game on CBS Television Network (98.2 percent of the total), CBS Interactive, NFL digital properties, Verizon Media Mobile and ESPN Desportes, among others. This was the first time NFL broadcast numbers fell below 100 million since 2009. The bright spot was streaming, which was up 19 percent in terms of minutes consumed, coming in at 560 million.

CABLE STILL RULES

A new report by Kent Steffen, president of Ascendon Digital Services and OTT at CSG Systems International, presented the results of a poll of 2,000 consumers age 18 to 64. Key findings include the following:

- Cable subscriptions are the bedrock of live sports consumption, with 71 percent of global consumers (and 72 percent of U.S. customers) using cable to access live events. Streaming and mobile digital channels trail at 18 percent and 11 percent, respectively.
- Sixty-nine percent of viewers prefer enjoying live events at home, compared with 14 percent who prefer watching at bars or restaurants and 8 percent who attend stadiums.
- Consumers expect premium service at everyday prices. Sixty-four percent would not pay more for less-intrusive ads, split-screen access or virtual reality–enabled camera angles. For viewers who would pay extra, less-intrusive ads were most popular at 18.5 percent.
- One in four (27 percent) uses Facebook in tandem with sports viewing. Social platforms are used primarily for the consumption of related content, with 42 percent keeping tabs on other concurrent games and 37 searching relevant stats.
- Cable providers are bullish about the prospects of VR/AR, but consumers are less excited. Sixty-nine percent are not interested at all in VR/AR enhancements, and only 11 percent are very interested.
- As many would expect, U.S. millennials and Gen Zers are increasingly turning to alternative sources, with nearly 24 percent using streaming services, such as Sling TV, for their sports viewing.

U.S. consumers are losing patience with traditional advertising. Pushback nearly mirrors global statistics, with 20 percent saying they would pay extra for less-intrusive ads. Among millennials and Gen Zers, this jumps to 25 percent.

If given the chance to personalize their viewing packages, a third (32 percent) of U.S. consumers would prefer less-intrusive advertisements, followed by a package tailored to only the teams they care about (28 percent).

Special thanks to Kent Steffen at CSG for sharing and commenting on the executive summary of his report. For additional information about CSG and Kent Steffen, visit csgi.com. ❖

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