altman solon

Sports and Music perspectives

February 2023

Sports & music perspectives

Altman Solon introduction

Sports and music share similarities but also unique structures and strategies that both industries can learn and benefit from

Key observations

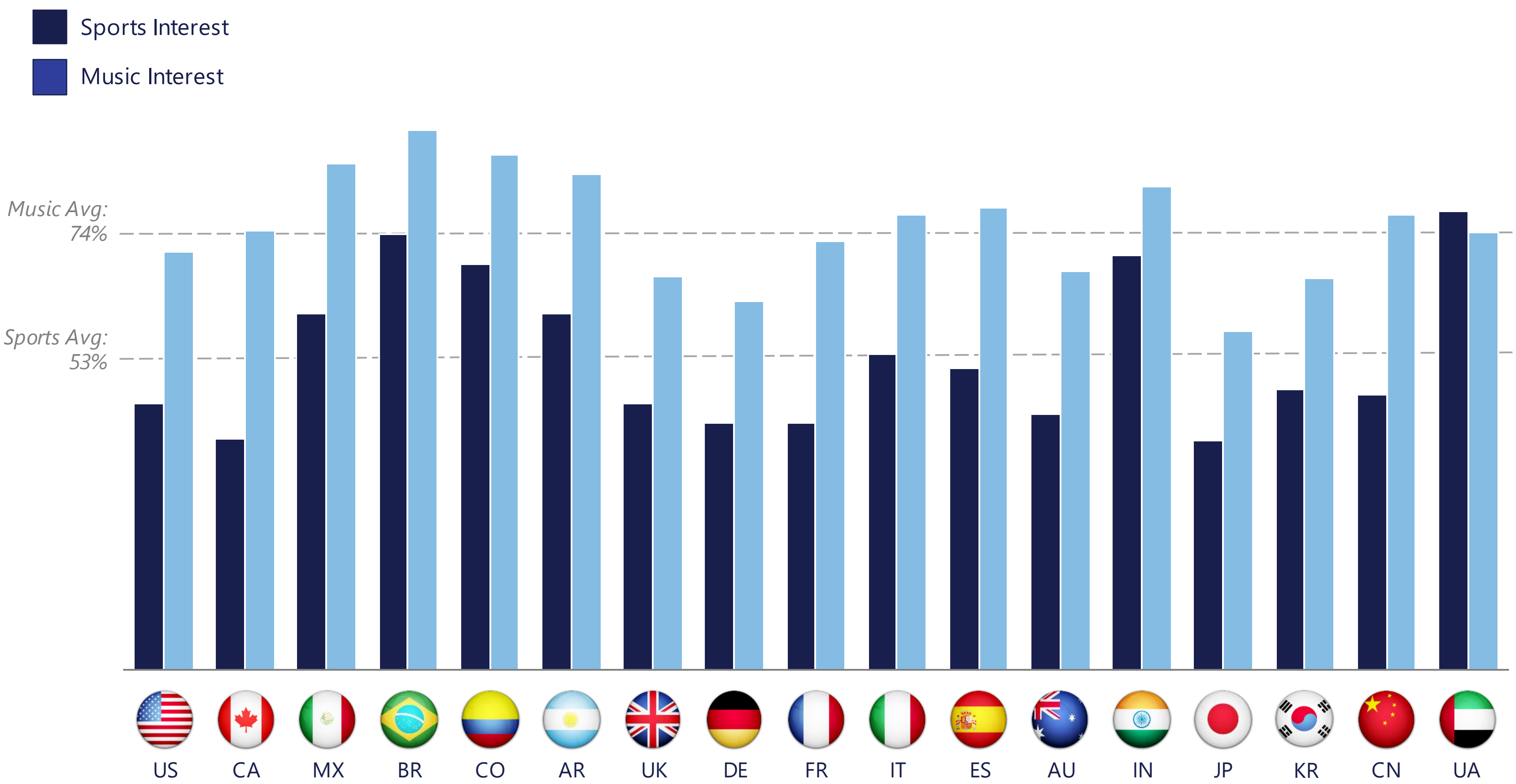
Sports & music markets	**Sports and music are large global industries** with significant revenues from creating, distributing and monetizing IP and events – they have similar structures and characteristics but also notable differences
Athlete & musician interest	**Talent (i.e. athletes and musicians) is the foundation of sports and music industries** with sports fandom being more local while music fandom is more global – top musicians garner higher interest and social followings globally, but when bound to a specific country, consumers typically prefer their country's top athlete over their top domestic musician
Opportunities & implications	Sports and music are **facing several similar industry trends** and adapting to them in a wide variety of ways, with each having an **opportunity to learn from the other industry's successes**

Sources: Altman Solon Research & Analysis

Globally, more individuals are interested in music than sports, with 16 of 17 surveyed countries preferring music

Sports and music interest level by country

% of all respondents "somewhat" or "very" interested



Sources: 2022 Altman Solon Global Sports Survey, Altman Solon Research & Analysis

Sports and music are large global industries with significant revenues from creating, distributing and monetizing IP and events

Overview of industry revenues and participants in sports and music

		Sports	Music
Key Market Participants (non-exhaustive)	**Talent/IP**	**Athletes**, coaches	**Musicians**, songwriters, producers
	Talent/IP Mgmt.	**Teams**, leagues, agents	**Music labels**, publishers, agents
	Distribution	**Broadcast/cable TV, streaming/OTT video, radio, live events**	**Streaming audio, radio, purchased music, live events**
Top Revenue Sources (non-exhaustive)	**Content**	**>$50Bn** annual spend on **sports media rights**	**>$25Bn** annual spend on **recorded music**
	Live Events	**>$15Bn** annual spend on **sports tickets**	**>$20Bn** annual spend on **music tickets**
	Sponsorships	**League, team, athlete** sponsors	**Artist, event/tour** sponsors
	Merchandise	**Team** apparel, **player** jerseys	**Artist, event/concert** apparel
	Other	Sports **equipment**, **apparel, betting**	Musical **instruments**, **accessories**

Sources: Altman Solon Research & Analysis

Sports and music share several similarities: popular entertainment types, unique/valuable IP and events, global reach and audiences

Key similarities between sports and music

Similarity	Description
Entertainment & Media Value	**Sports and music are popular media types** that attract and entertain global audiences **willing to pay** to watch/listen which is essential for media businesses (Pay TV, radio, streaming…)
Importance of Talent/Creators	**Sports and music both rely on and revolve around talent and stars**, which generate unique and valuable IP from playing/performing that is distributed and monetized
Global Reach & Influence	**Sports and music, and top athletes and musicians, have global fan bases and audiences** that they reach and can engage with directly
Live Event Experiences	**Live sports and music events generate substantial revenues from ticket sales to events** as well as **content/IP licensing** (e.g., media rights to broadcast/stream games or shows)
Role of Sponsors & Partners	**Sports and music rely on sponsors and partners** for revenues and to promote licensed content/IP and products (advertisers, media…)
Impact of Technology	**Technology is impacting** how sports and music industries create, distribute, and monetize content/IP (e.g., streaming/digital, blockchain, NFTs), creating new opportunities
Influence of Agents	**Talent representation** is nearly ubiquitous in sports and music, providing essential services to, and influence on, athletes and musicians

Sources: Altman Solon Research & Analysis

Sports and music have notable differences: content form, distribution and consumption, and value realized by talent

Key differences between sports and music

Difference	Sports Perspective	Music Perspective
Content Form & Consumption	Live sports are **longer in duration** (hours), **lower volume** of content created (fewer games than songs), consumption typically a **single game/event and not repetitive**	Music/songs are **short in duration** (minutes), **higher volume** of content created, consumption typically involves **numerous songs/titles with repetitive element**
Primary Content Revenue Source	**Revenues from media rights to broadcast/stream live games have grown** with more bidders for rights	**Revenues from recorded music sales have declined**, offset in part by streaming music revenues
Content/IP Ownership	**Rights to live games and IP owned by leagues and teams**, which are owned/controlled by wealthy individuals, corporate ownership groups and investors	**Ownership of revenues is more divided** among music labels, publishers, venues, and talent
Content/IP Distribution	Specific venues/infrastructure required alongside subsequent broadcasting (often requiring subscription or one-off payment), which **can limit audience**	Music is **easily distributed and consumed through digital platforms** (e.g., Spotify, Apple Music, YouTube, radio), some free
Talent Development	New athletes developed through **organized leagues** and at the collegiate / youth level, before turning pro	New artists developed through **industry connections and grassroots efforts**
Talent Prospects & Risks	**Careers are typically shorter, and injuries are more common** which can hinder performance, impact compensation, and shorten/end careers	**Careers can last for a life-time, and injuries are largely absent,** creating more stability
Scheduling Flexibility	Typically **structured in seasons with strict schedules** that restrict athletes from engaging in more time-intensive side projects or taking time off to pursue other opportunities	**Longer-term side projects** (e.g., hosting TV shows, acting) can generate significant revenue for active musicians, who can more easily take time away from recording/performing

Sources: Altman Solon Research & Analysis

Sports and music are experiencing several similar trends and are adapting accordingly

Overview of main trends

Sports and music distribution are rapidly shifting to a digital/streaming/DTC model, but legacy models and platforms (e.g., broadcast/cable TV, radio) will continue to remain relevant and valuable for reaching and engaging audiences

Sports and music consumption habits and preferences are evolving, with many fans engaging directly with talent via social media, podcasts, and other channels shifting from long-form content (game, album) to short-form (highlights, songs)

Talent is seeking to further take advantage of their importance/influence, with musicians pushing for higher royalty fees and athletes seeking greater income and opportunities from teams, leagues, and sponsors

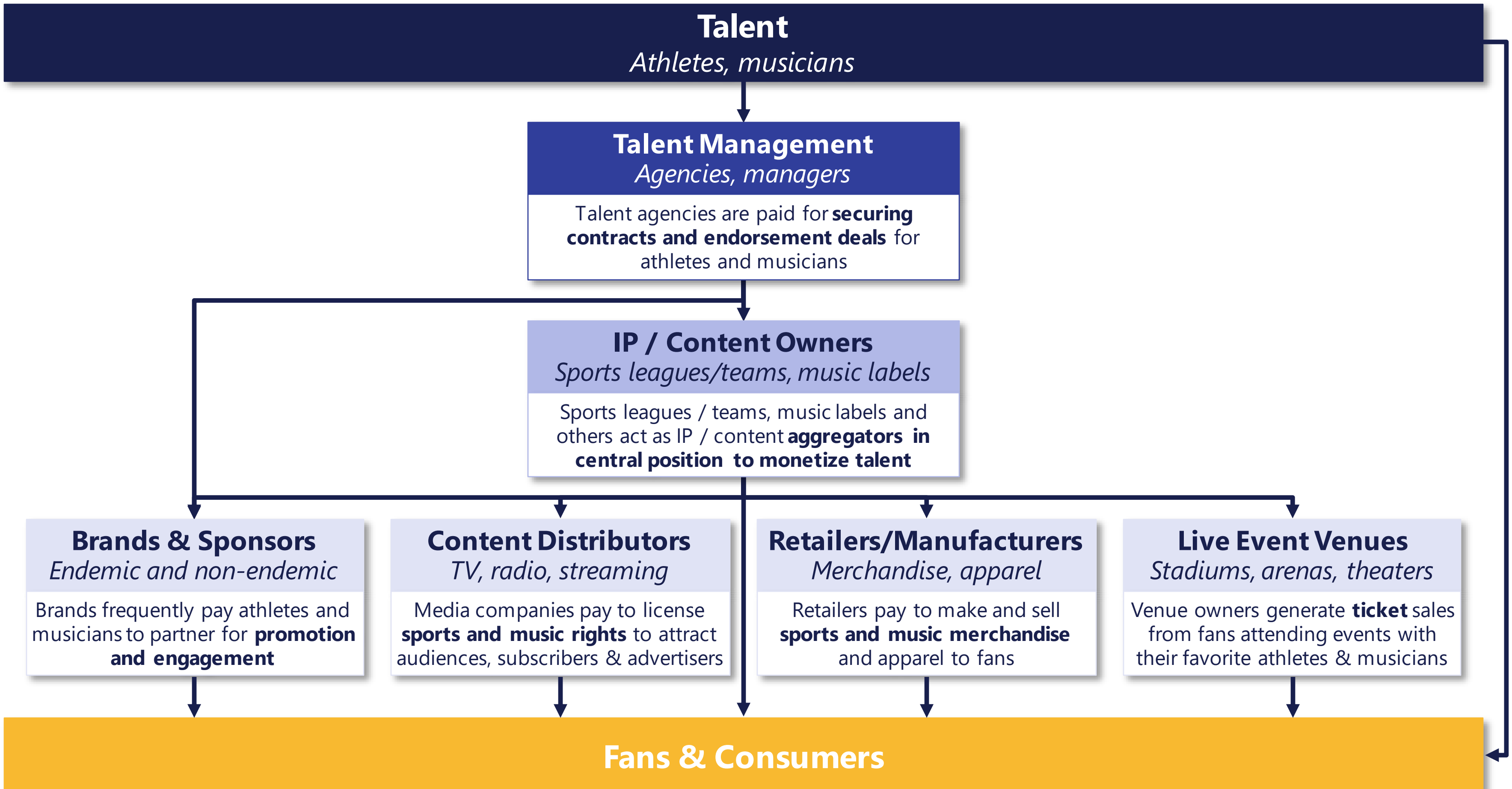
Emerging technologies are creating new revenue sources for sports and music: Web 3.0 may give more power to artists and audiences (vs platforms), create new touchpoints in virtual digital ecosystems, and open new growth opportunities

Live events have returned post-pandemic and both industries are taking advantage of technology – including augmented reality, virtual reality and 5G – to create and enhance in-venue and at-home experiences for spectators

Sources: Altman Solon Research & Analysis

Athletes and musicians create valuable IP/content and merchandise for their industries and partners

Importance of talent in media, entertainment, retail and events



Sources: Altman Solon Research & Analysis

Interest in musicians is substantially higher than athletes globally, led by famous names like The Beatles, Elton John, and Taylor Swift

Interest in select group of athletes and musicians

% of all respondents "somewhat" or "very" interested in the individual or group

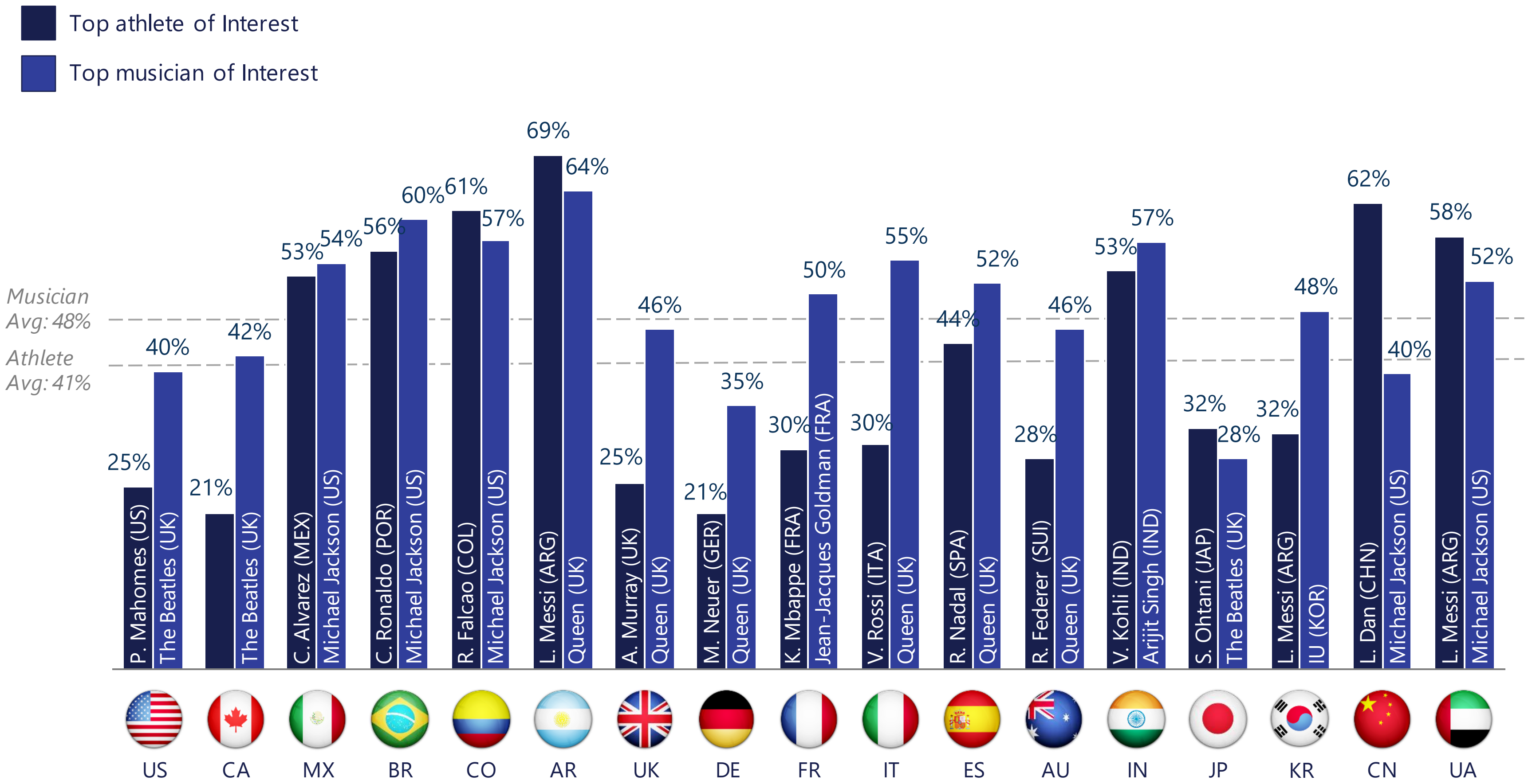
	US	CA	MX	BR	CO	AR	UK	DE	FR	IT	ES	AU	IN	JP	KR	CN	UA
Musicians / Musical Groups																	
The Beatles (UK)	40%	42%	49%	49%	44%	54%	37%	31%	43%	44%	43%	40%	30%	28%	14%	19%	38%
Adele (UK)	32%	37%	45%	48%	41%	45%	32%	26%	38%	32%	34%	35%	28%	9%	26%	22%	43%
Elton John (UK)	36%	42%	40%	49%	39%	47%	31%	28%	39%	37%	35%	36%	24%	14%	24%	11%	33%
AC/DC (AUS)	32%	34%	40%	39%	27%	45%	21%	26%	34%	28%	35%	41%	21%	7%	9%	8%	25%
Taylor Swift (US)	27%	29%	29%	34%	29%	27%	19%	14%	16%	13%	20%	27%	36%	9%	5%	14%	39%
Justin Bieber (CAN)	18%	25%	22%	27%	21%	18%	11%	11%	14%	12%	14%	16%	40%	8%	21%	18%	40%
Drake (CAN)	19%	21%	19%	26%	18%	11%	13%	6%	11%	9%	9%	13%	26%	4%	8%	6%	35%
BTS (KOR)	10%	8%	16%	14%	10%	10%	5%	4%	7%	6%	6%	7%	30%	8%	44%	10%	27%
Bad Bunny (PR)	11%	8%	23%	13%	23%	19%	4%	4%	7%	6%	15%	5%	20%	2%	4%	6%	22%
Olivia Rodrigo (US)	14%	11%	16%	17%	12%	9%	9%	6%	7%	7%	6%	10%	22%	4%	4%	6%	29%
Athletes																	
Lionel Messi (ARG)	10%	14%	46%	56%	56%	69%	18%	14%	25%	25%	29%	13%	37%	16%	32%	42%	58%
Christiano Ronaldo (POR)	11%	15%	41%	56%	53%	41%	19%	16%	24%	23%	24%	13%	37%	11%	20%	18%	54%
Rafael Nadal (SPA)	11%	14%	28%	33%	38%	40%	23%	10%	28%	28%	44%	27%	38%	12%	18%	17%	41%
Neymar (BRA)	11%	11%	37%	52%	42%	44%	14%	11%	20%	18%	20%	9%	33%	13%	28%	28%	53%
Lewis Hamilton (UK)	8%	12%	25%	47%	26%	26%	21%	10%	20%	24%	22%	15%	30%	8%	7%	17%	41%
LeBron James (US)	19%	15%	23%	33%	22%	17%	7%	5%	11%	12%	16%	13%	16%	4%	13%	29%	36%
Tiger Woods (US)	18%	15%	21%	19%	20%	13%	13%	5%	10%	8%	8%	12%	28%	13%	22%	11%	36%
Tom Brady (US)	24%	14%	28%	26%	11%	7%	6%	7%	6%	7%	6%	9%	18%	4%	5%	7%	30%
Lin Dan (CHN)	7%	5%	10%	10%	7%	2%	4%	4%	5%	4%	3%	5%	25%	3%	4%	62%	27%
Shohei Ohtani (JAP)	13%	7%	9%	9%	7%	2%	4%	2%	3%	4%	4%	5%	14%	32%	16%	6%	19%

Sources: 2022 Altman Solon Global Sports Survey, Altman Solon Research & Analysis

Nationalism shines brighter in sports, with 13/17 counties most interested in a domestic athlete; only 4/17 musicians are domestic

Athlete and musician with highest interest level by country

% of all respondents "somewhat" or "very" interested in the individual or group

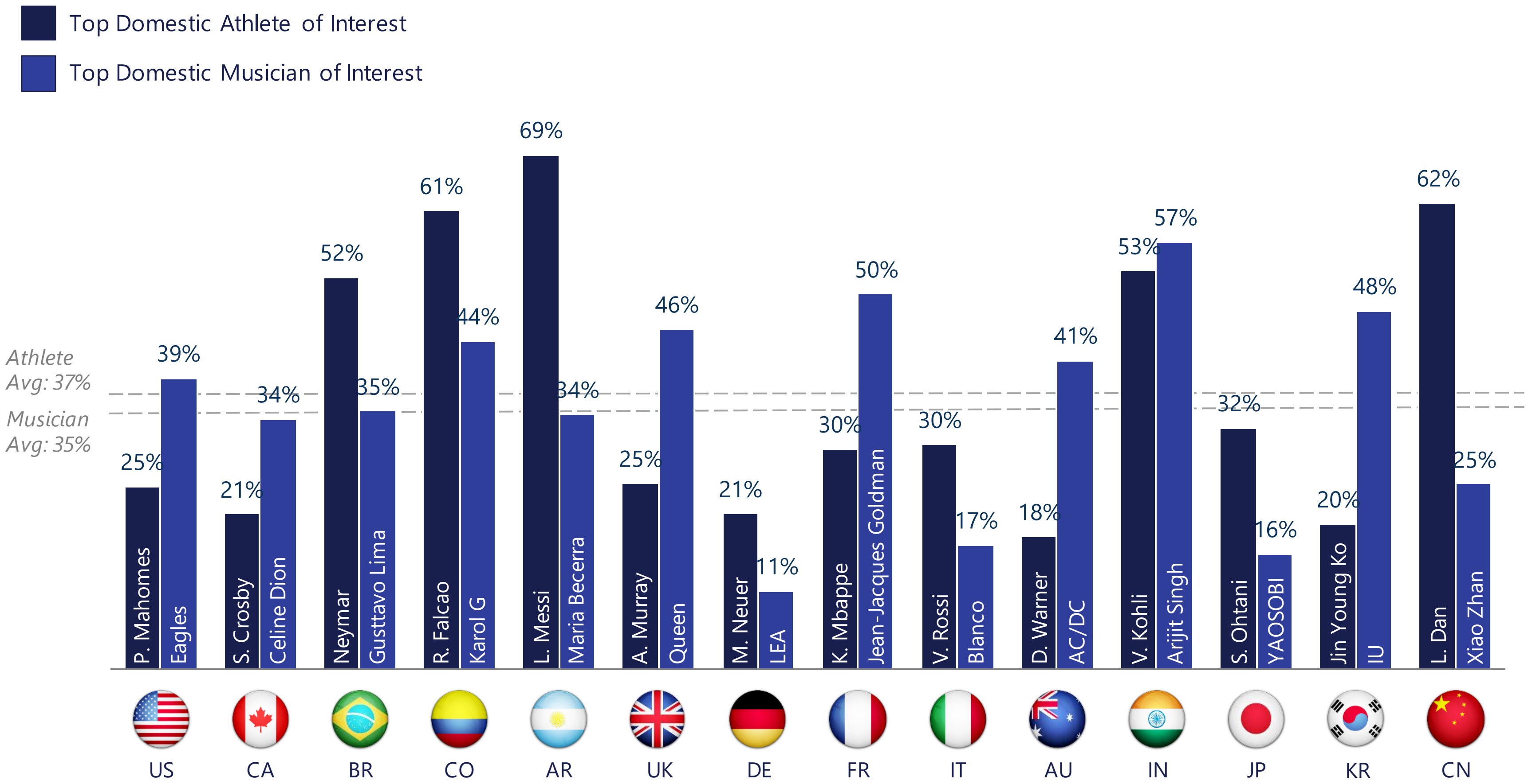


Sources: 2022 Altman Solon Global Sports Survey, Altman Solon Research & Analysis

Among only domestic talent, top athletes earn slightly higher interest levels than top musicians on average

Domestic athlete and musician with highest interest level by country

% of all respondents "somewhat" or "very" interested in the individual or group

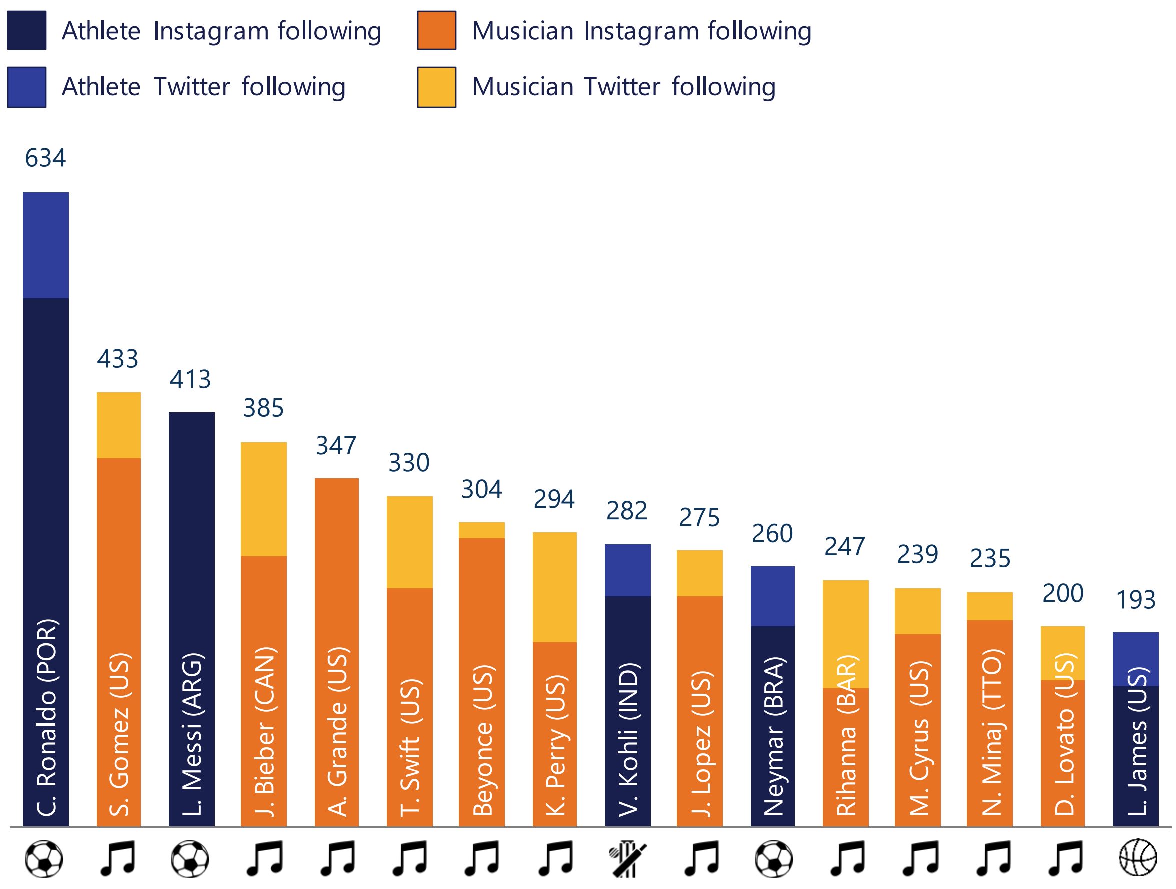


Sources: 2022 Altman Solon Global Sports Survey, Altman Solon Research & Analysis

Global appeal of music and soccer creates highest follower counts, making up 13/15 most followed athletes and musicians

Top 15 athlete and musician social followings

Instagram and Twitter followers (millions)



- Interest in **sports with limited global reach** (i.e., American Football) make **it difficult for those athletes to compete** with the follower counts of musicians, soccer players
- **US and Canada dominate** musician followings, locking out the full top 7
- Meanwhile, **North American athletes are far behind**, with only LeBron James barely cracking the top 15

Sources: Instagram, Twitter, Altman Solon Research & Analysis

Sports and Music can identify new opportunities by learning from each other's successful strategies

Sports and Music cross-industry learning opportunities

		Learnings	Opportunities
What Sports can learn from Music	Year-Round Fan Engagement	• Musicians can perform and record/release music **year-round** • Musicians can play **several days in a row**, providing more revenue opportunities for talent, venues, and vendors	• Athletes and teams only play a **few times per week** at most and for **only part of the year** • Sports can develop and promote **new events and content/IP** to engage fans year-round (e.g., friendly matches, training videos, lifestyle/culture)
	Multi-Act Live Events	• Music shows and festivals typically have **multiple musicians**, **provide more value per ticket**, and keep fans in-venue spending longer	• Sporting events are typically a **single game/match** • Adding women's, youth, or other teams to events could **provide more value to consumers**
	Long Talent Careers	• Musicians can perform and record/release music **until old-age**, with many top musicians' **careers spanning decades**	• **Former athletes** can be tapped to play in **new competitions** (e.g., Kings League, Big3), extend careers and **draw audiences of nostalgic fans**
	Talent Collaborations	• **Musicians frequently collaborate with other top talent**, creating new, unique content and drawing interest from new audiences	• **Collaborations between teams across leagues** is growing, can help teams with largely domestic fans **reach new audiences and markets**
What Music can learn from Sports	Partnerships	• **Sports is savvy in creating unique brand partnerships** with individual athletes, teams, and leagues for promotion	• **Brands can better use the reach and influence of musicians** to partner for the promotion of their brands and products
	Live Content	• Most top sports leagues can be **watched live worldwide** through local broadcast/OTT/digital partners or a league-owned service	• Live concert streaming is still limited, but could **create new revenue opportunities** for global fans to watch live shows from locations of their choice
	Competitions	• **Competitive nature of sports draws immense interest from fans** as the drama of an unknown result unfolds in real time	• **Competitions among top musicians are limited** but can **create new IP/content** and provide **new revenue opportunities**

Sources: Altman Solon Research & Analysis

Sporting organizations are learning from successful collaborations often found in music; are beginning to form similar partnerships

Kansas City Chiefs x Bayern Munich partnership

Case study

Bayern wishes Kansas City luck as they prepare for the 2020 Super Bowl, showing Chiefs quarterback **Patrick Mahomes** in a Bayern jersey

Kansas City wide receiver **Mecole Hardman** swaps jerseys with Bayern's **Thomas Muller** at a 2022 Champions League match

- Collaborations on songs and albums is common in the music industry, but **similar partnerships are rare in sports**
- The Kansas City Chiefs **have established an informal partnership** with Germany's Bayern Munich, with the Chiefs placing a Bayern board member on their international expansion board
- The Chiefs and Bayern are **constantly interacting on social media**, engaging fans in new markets and growing their respective international followings
- Bayern **played a friendly in Kansas City** in 2019, while the Chiefs will **play a regular season game in Germany** in 2023

Sources: Bayern Munich Facebook, EUFA Champions League Twitter, Altman Solon Research & Analysis

Musicians are taking sponsorship concepts frequently found in sports; implementing them to create new, engaging products

McDonald's musician meal partnerships
Case study

McDonald's saw same store **sales growth of 26%** in the quarter in which the **BTS meal** was launched

American rapper **Saweetie**, launched her own McDonald's meal in August 2021

- Collaborations on talent-branded items are well-established in sports, but **now quickly growing in the music industry** as well
- McDonald's has recently **found immense success partnering with top musicians** like BTS, J Balvin, and Saweetie
- Fans who purchase celebrity meals are able to access **exclusive online content and purchase unique merchandise** from the musician
- Global appeal of musicians **directly aligned with the global reach** of a brand like McDonald's

Sources: ABC News, CNBC, Altman Solon Research & Analysis

Emerging niche sports leagues for aging talent are generating significant interest, allowing athletes to extend playing careers

Emerging sports leagues for aging talent

Case study

Gerard Pique's "King's League" launched in January 2023, allows **aging stars to compete in 7v7 soccer matches**, featuring entertaining gimmicks like **masked players** and "**Golden Cards**" to steal penalty kicks

Ice Cube's "BIG3" league **features top retired basketball players in a 3v3, half court format**, including unique rules like a 4-point shot

- While musicians can typically produce songs and perform live their entire lives, **athletes are rarely able to compete past their 30's**
- These new leagues have revised sporting rules, designed to **reduce the physical strain on the players** and **increase entertainment value**, often incorporating elements from classic recreational games
- BIG3 recently **extended their broadcasting deal with CBS**, while the King's League's first matchday had **15 million viewers on Twitch**, which is 5x what La Liga saw across all matches on a similarly timed matchday
- High ratings indicate that, similarly to music, **interest in top talent exists even past their performance prime**

Sources: Eurosport, Altman Solon Research & Analysis

Sports and Music industries see similar trends with implications on how to drive monetization and engagement

Overview of main trends and implications

Grow existing business	Create new rights	Launch new content / products	Start new business models	Enter new partnerships
Exploit key trends to drive revenue in core business incl. existing rights and events addressing existing and new fans (e.g., use talent to drive brand value resulting in higher revenue across streams)	*Find areas of opportunity for complementary rights opening up due to changes in technology, distribution, consumption (e.g., offerings in the Metaverse or other digital products such as NFTs)*	*Address existing and new fans with new content and / or products (e.g., new short-form offering based on Web 3.0 to foster relationship between athletes/ musicians and their fans)*	*Create new ways to monetize fandom from adjacent areas (e.g., agency model working more closely with talent and exploiting new opportunities materializing in Web 3.0 and / or the Metaverse)*	*Identify specialists with strong proposition for your (potential) audience to unlock potential in joint go-to-market model (e.g., unique in-stadium experience provided via a partner)*

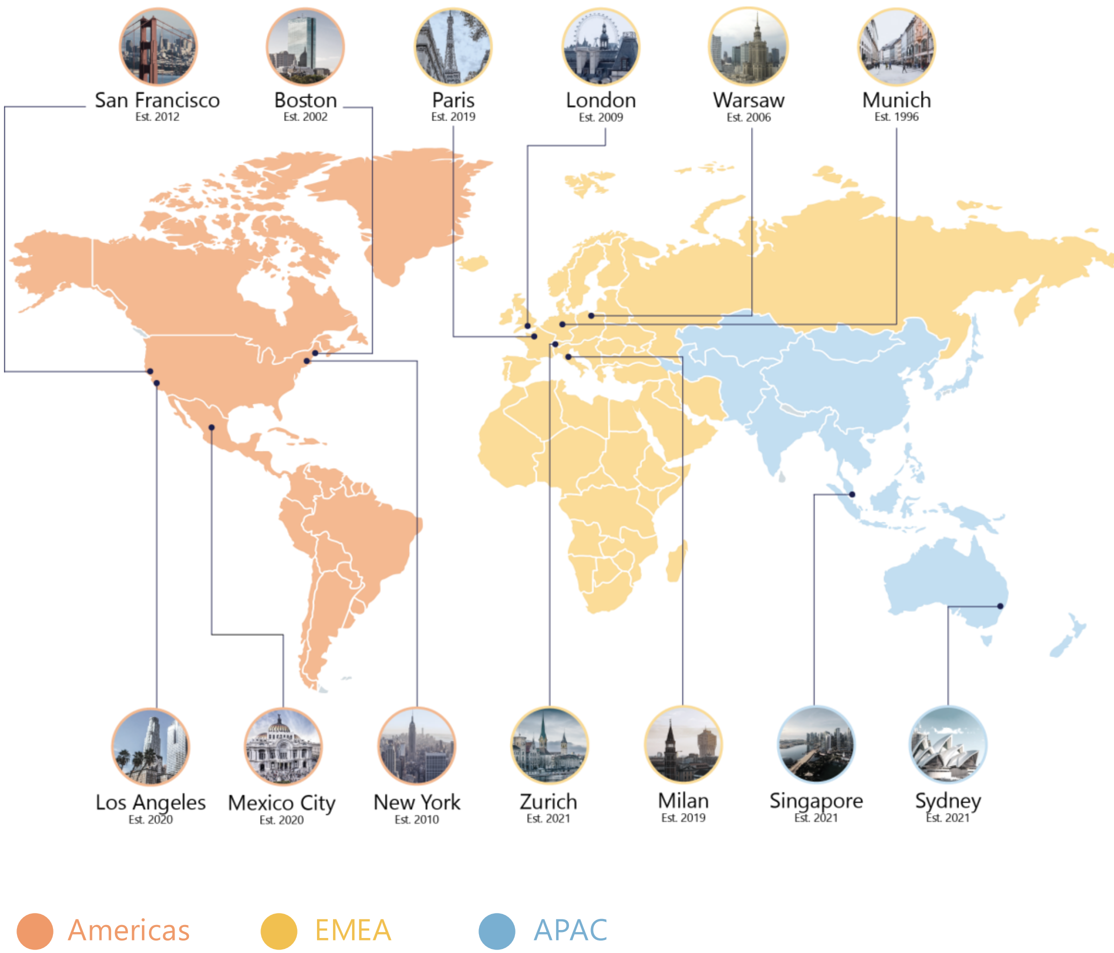
Drive monetization and engagement to stay ahead of (new) competition

Sources: Altman Solon Research & Analysis

Sports & music perspectives

Altman Solon introduction

Altman Solon – the leading strategy consulting firm for technology, media, and telecommunications



Altman Solon

- Largest global strategy consulting firm with an exclusive focus on the TMT sectors
- Combination of strategic, commercial, operational, and technical expertise as well as capital markets perspective
- Trusted advisor to C-level executives from blue-chip companies worldwide conducting hundreds of strategy projects each year
- Global reach: Client engagements in more than 100+ countries

Source: Altman Solon

Altman Solon supports the TMT industry in all aspects of value creation

Altman Solon core competencies

Strategy

- Corporate strategy
- Business planning
- Market and competitive analysis
- Growth strategy
- Right to win strategy
- Commercial effectiveness strategy
- Customer value maximization

Go-to-Market

- Product development and roll-out
- Market attractiveness strategy
- Customer segmentation and market research
- Pricing strategy
- Sales channel strategy development
- Customer experience and service delivery concept
- Organization build-up

Performance Improvement

- Capex Optimization and infrastructure planning
- Organizational effectiveness strategy
- Outsourcing strategies and negotiation support
- Opex optimization
- CRM and churn mitigation
- Sales optimization
- Systems, organisational restructuring, process redesign

Private Equity

- M&A buy and sell side
- Commercial and business plan due diligences
- Technical due diligence
- Carve outs, disposals
- Post-merger-integrations and 100-day-programs
- Cash improvement programs
- Refinancing support
- Capital market office

Source: Altman Solon

We work with a wide range of leading companies, vendors, and operators across subsectors in TMT

Altman Solon core industries

Media & Digital

- Broadcast TV, radio station groups
- On demand & OTT platforms in video, music, text, and games
- Sports leagues, federations, and brands
- Studios
- Book, magazine, newspaper and online publishers
- Production companies
- Gaming developers
- Broadcast and cable TV network groups
- Digital app developers
- Online retailers
- Backend infrastructure operators

Technology

- Software Vendors and SaaS players
- Managed Service Providers
- Data Center Operators
- Processors, Devices, and Systems
- Cloud and Hosting Providers
- OEM and Consumer Electronics
- Network Equipment Vendors

Telecom

- Wireless Carriers
- Cable Companies
- Fiber Providers
- Satellite Operators
- Tower Companies

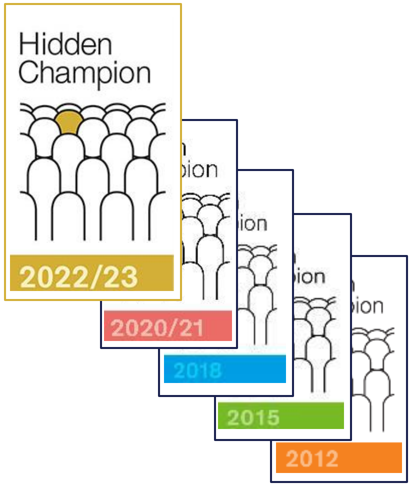
Investors

Source: Altman Solon

We have been selected as the #1 TMT advisor among consulting firms by an independent institute

Ranking of TMT consulting expertise – 2022/23

Rank	Consulting firm	Points
1	**Altman Solon**	**415**
2	McKinsey & Company	390
3	Boston Consulting Group	386
4	Bain & Company	367
5	Oliver Wyman	364



Methodology

- Survey of 750+ C-level representatives of German major enterprises, by WGMB

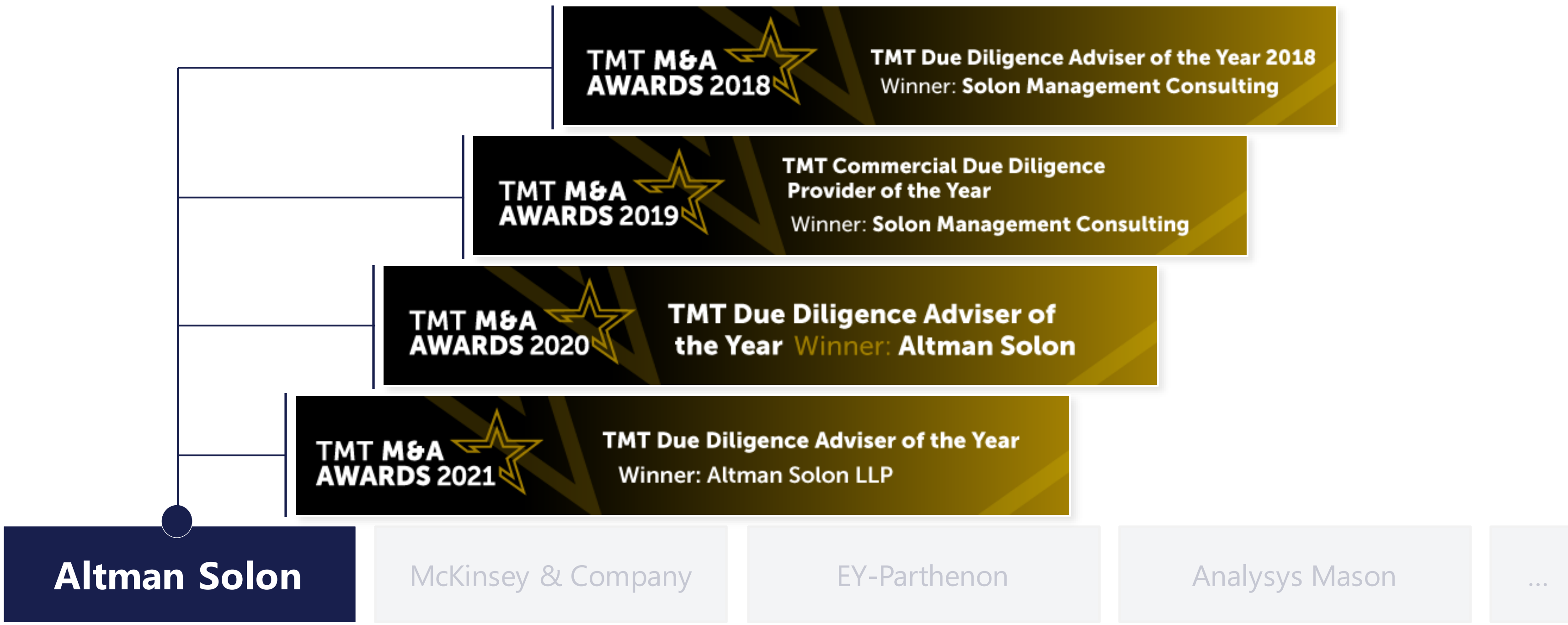
Perceived industry expertise

- 500 points = very high
- 300 points = medium
- 100 points = very low

Source: WGMB, CAPITAL, TMT Finance, Altman Solon

We were named "TMT Due Diligence Provider of the Year" at the TMT M&A Awards for four straight years

TMT Finance M&A adviser of the year and shortlisted companies since 2018



- The awards were established by TMT Finance and recognize outstanding deals and dealmakers, advisers as well as financing and leadership activity in technology, media and telecommunications globally
- Independent jury: each award is judged by a panel of leading TMT finance and advisory executives
- Criteria taken into consideration are deal volume and number of transactions advised on regionally and globally

Source: WGMB, CAPITAL, TMT Finance, Altman Solon

Global reach.
Local expertise.

Our Offices

- Boston
- London
- Los Angeles
- Mexico City
- Milan
- Munich
- New York
- Paris
- San Francisco
- Sydney
- Singapore
- Warsaw
- Zurich

Our Experience

Engagements in 100+ countries

altman solon

Christian Esser

Partner

christian.esser@altmansolon.com +49 1738877211

Ian Lube

Partner

ian.lube@altmansolon.com +44 7879755886

Mary Ann Halford

Partner

maryann.halford@altmansolon.com +1 (212) 220-9995

Matt Del Percio

Director

matt.delpercio@altmansolon.com +1 (201) 424-5738

David Dellea

Director

david.dellea@altmansolon.com +41 796310508

Dr. Christoph Sommer

Director

christoph.sommer@altmansolon.com +49 1738875899