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# Global Analysis, international opportunities and scenarios

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## About Global Content Alliance (GCA)

GCA aims at initiating a cross-sectoral European network to propel European SMEs producing and distributing media content, with the objective of conquering new worldwide audiences. The digital revolution has deeply impacted the production, distribution and reception modes of media content. One key challenge for media SMEs is the necessity to create value across different media and platforms, an approach known as Transmedia. Another challenge concerns the rise of immersive media such as Virtual Reality and Augmented Reality, and of disruptive technologies like Big Data, Artificial Intelligence, Machine Learning and the Internet of Things.

GCA intends to support SMEs by intensifying networking, collaboration and knowledge-transfer on a European scale. The aim is to strengthen the capacity of European SMEs to compete, to innovate and to connect with global audiences.

This will be achieved by carrying out the following objectives:

- To stimulate EU SMEs to adapt their media production and distribution processes by:
  - Taking into account new global audiences and media usage habits,
  - Reinventing live media experiences, especially for sports and cultural events,
  - Extending new user experiences (UX) to other sectors such as education, training and tourism, and (d) by optimizing business models and models and marketing strategies with the use of advanced technologies such as blockchain.
- To build, enhance and sustain a European Strategic Cluster Partnership;
- To formulate recommendations to SMEs based on global market analyses, identifying (a) best practices for cross sectoral partnerships and international collaboration and (b) key skills that heighten the competitiveness of the European SMEs in cross-border and global markets.
- To define an internationalization strategy and actions to implement this strategy.
- To define the implementation plan of this joint international plan.

## About this document

This document summarises the work performed in the frame of the work package 2 (WP2). Its goal is to provide the consortium with a complete analysis allowing the elaboration of a relevant internationalisation strategy (WP4).

The overall methodological approach is to confront worldwide market data with a regional analysis of the GCA clusters.

At a general level (worldwide) an in-depth analysis (made of the contribution of each clusters and based on market studies) emphasizes the global market trends and sketches possible business development scenarios.

At a regional level, the most important outcome is the identification of the assets of each cluster allowing it to address the GCA market (cluster mapping). Considering the heterogeneity of the 4 GCA clusters, a strong complementarity is expected, ensuring a good coverage of the identified value chains.

In synthesis, a list of ranked third countries (or regions of third countries) is proposed. This list is probably greater than what it is realistic to achieve and will need to be downsized in a second step (WP4) when defining the internationalisation strategy.

Accordingly to the Grant Agreement, this D2.1 deliverable includes:

- **A cluster mapping** aiming at comparing the 4 clusters and their members, highlighting their strengths, weaknesses, complementarity and possible synergies.
- **A market and international opportunities analysis** aiming at updating and mutualising relevant market data between the members of the consortium.
- **A set of scenarios illustrating global trends** and showing the opportunities for the GCA clusters' SMEs.

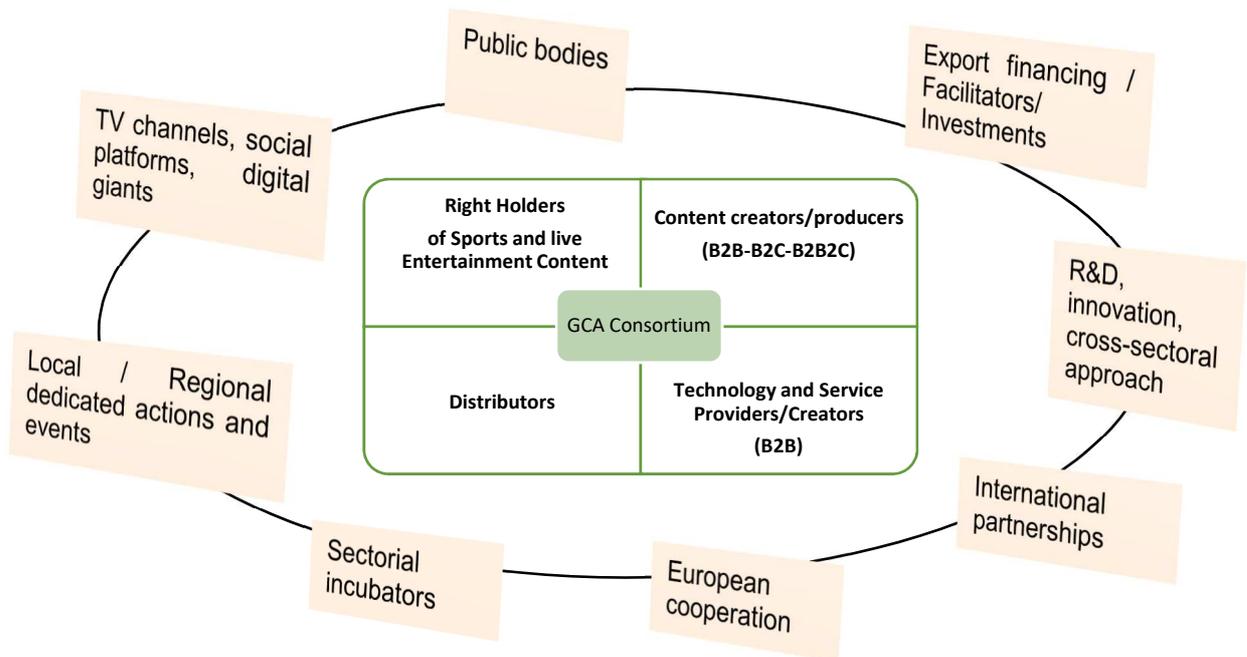
# 1 CLUSTER MAPPING

A cluster mapping aiming at comparing the 4 clusters and their members, highlighting their strengths, weaknesses, complementarity and possible synergies

## 1.1 INTRODUCTION

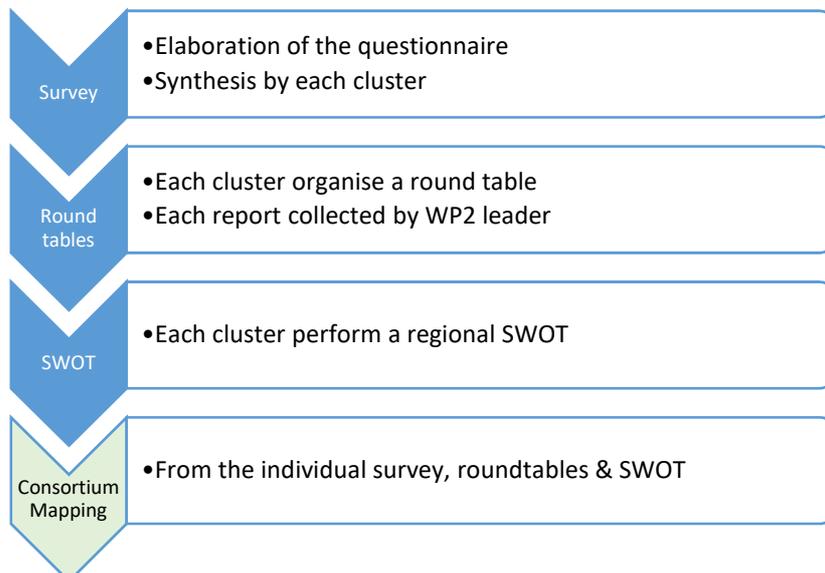
The regional analysis consists in a mapping of the regional ecosystems, collecting the expectations and needs of the regional stakeholders, identifying the assets and weaknesses of each cluster and the possible complementarities and synergies.

The following schema gives an overview of the GCA's ecosystem:



## 1.2 METHODOLOGY

The methodology of the regional analysis consists in 4 main steps, 3 performed at a regional level and the last one at the consortium level.



## 1.2.1 SURVEY

### 1.2.1.1 Objective of the survey

The objective of this survey is to profile the affiliated of the clusters and to assess their expectations and needs in terms of internationalisation.

A very detailed survey<sup>1</sup> (47 questions) has been prepared and validated during the Kick Off meeting (January 2018) and sent to all clusters members many times from February to June.

The core of this survey was an online questionnaires split in 7 blocks of questions (see in annex the whole questionnaire template in 4.2.2 )

1. Company profile
2. Business profile
3. Current internationalisation activities
4. Challenge to internationalisation
5. Internationalisation strategy
6. Services and needs
7. Contacts

### 1.2.1.2 Conclusion of the survey

The collect of the questionnaire did require a significant amount of working time (numerous emails, phone calls to motivate the affiliated and speed up the recovery). Not as many companies as expected did answer the survey that was quite long and very specific to the GCA and internationalization questions. **The 39 companies** that took the time to answer to the survey are the ones that should be **the most interested in the GCA project**.

The conclusion is that the questionnaire was too long and not focus enough.

As consequence, the number of responses was quite below the expectation of the consortium. Therefore, the consortium decided to complete the survey by organising roundtable sessions.

## 1.2.2 ROUND TABLES

The purpose of the roundtables was to gather various stakeholders (mainly, clusters affiliated) in the sport and live entertainment business in order to allow GCA to understand the various challenges that the stakeholders are facing to thrive both on the local level and on the international level (especially in 3rd countries).

As it would have not be possible to gather all the stakeholders at the same place, each GCA cluster have organised its own roundtable but sharing the same methodology and used the same questionnaires as the survey as starting point of the discussion.

Having a good grasp of the challenges of internationalization in the field of GCA requires a good knowledge of the activity and the economic model of the various professionals gathered. So at the beginning of the meetings, each attendee was invited to present his business and his internalization strategy.

The round tables were very efficient to complete the data collected through the questionnaire.

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<sup>1</sup> Questionnaire online: <https://www.getfeedback.com/r/JZY6BGa/>

### 1.2.3 Individual SWOT ANALYSIS

**The SWOT analysis** of each cluster is based on a common survey sent to all clusters members and round tables with best regional experts organised by each cluster.

The SWOT is synthetized in one table split in 7 lines corresponding the 7 topics addressed by the questionnaire (These individual SWOT are available in the D2.1 Annexes).

The build-up of individual SWOT was not a big issue for the clusters. Instead, it was structuring and easing the synthesis of the regional analysis.

The final step of the regional analysis is compiled in a table easing the comparison between clusters (See annexe: 4.3 Consortium mapping: GLOBAL SWOT ANALYSIS and MAPPING).

## 1.3 COMMON RESULTS OF THE REGIONAL ANALYSIS (RESULTS OF THE SURVEY)

### 1.3.1.1 THE INTERNATIONAL SITUATION OF THE COMPANIES

Most of the companies that answered the **survey** have already international activities both in EU and abroad (the average of turnover made abroad is 30%. It is under 50% for 31 companies out of 39 and above 70% for the 8 other companies). The main activity that the companies are developing at the international level is “Attending international events/ fairs/ festivals” (Q16).

The 3<sup>rd</sup> countries that are the most often addressed are the US followed by China (then Canada and Japan). This is also where they attend most fairs outside of Europe.

The main driver for the companies to go international is the “opportunity” (Q13). In other words, the companies are expanding where they have a good opportunity to expand. In most cases, this is where they have identified partners and have already connections that make the market easier to address.

Their second driver for internationalisation is to reach fast growing market. These motivations are still very high when considering the new targeted countries (see below).

### 1.3.1.2 THE INTERNATIONAL STRATEGY OF THE COMPANIES

**The most targeted regions are North America followed by Asia** (Q 20/25/ Q26). More specifically, the most targeted countries are (by order of interest):

- USA
- Canada
- China
- Korea
- India
- Turkey
- Japan
- Russia

The main reasons to target these countries are very similar from one to the other: The **market size** and/or the **maturity** of the market with many early adopters in the GCA field and with opportunities even in the niche markets (with much targeted technology for specific sports) addressed by some of the GCA companies. All these markets are considered by the companies as **fast growing markets** with many opportunities in the digital business in particular in the sport and live entertainment.

To develop their international strategy, the companies need to get in touch with the local actors and to partners with them: the most important elements are “to participate in international events and exhibitions order to meet potential international partners” (78%)(Q41 Important + Very Important cumulated). They also need to “establish sale partnerships” (77%) and “technological partnerships” (67%). As a result, most of the companies have international contacts in the countries they target first – mostly commercial partners (above 50% - Q28). They actually consider that the actors that better supported their activities during their internationalisation process are “Local private partners (technological/supply/sales partners,... in the foreign country)” (47%) (Q24). But 25% of the companies do not have any contact in their first targeted country.

In their internationalization strategy the companies also take advantage of local supports and programs by “having contact with an organization in their country that could help them in their internationalization process” (75%) or by “participating in internationalization initiatives, programs, export consortia, ... in their country” (68%). During their internationalisation process, ca 30% were supported by “Public institutions (chambers of commerce, export agencies...) from their country and 25% by “local institutions (chambers of commerce, export agencies,) in the foreign country” (Q24)

Most companies also have to do their own researches to develop their international strategy: they “search the web about foreign markets and the targeted countries” 73%.

### 1.3.1.3 STRENGTHS AND WEAKNESSES OF THE COMPANIES REGARDING INTERNATIONALISATION

The main difficulties faced by the companies regarding internationalization are internal. The companies are small: they have few human resources to be allocated to export activities and they have limited financial resources to develop their own international strategy properly. The situation is the same when considering the companies of the whole GCA consortium: the majority of them are micro SME. Most of them are (87%) are self-financing their international expansion (Q19).

Nevertheless, the companies have a strong motivation to go international. As mentioned above, most of the interviewed companies have already international activities and most of them are currently planning to approach new countries outside Europe (Q20). They do have strengths to count on for their international strategy. Most of them qualified themselves as very innovative, agile and scalable. When they are asked about their strengths in the export issue, “innovative or expert in their field” along with their “previous international experiences” are the most common answers (Q8)

They have almost all a market-ready service or product (87%) (In particular software technology for 74%) that do not need much to be adapted for an international market (30 % not at all/ 30% only for the language) (Q6)

### 1.3.1.4 POTENTIAL SUPPORT THROUGH THE GCA PROJECT

#### 1.3.1.5 Help overcome the internal difficulties

As mentioned above, the biggest difficulties for many companies to go international are internal: lack of financial and human resources. This is why when asking “What kind of services and activities would you need to prepare access to a new country? (Q46)” they put quite on the top of the list:

- Financing supports (public or private funds that finance the risk like grants, loans...): 43%;
- Scouting for funding opportunities: 43%;
- Recruitment support: 34%.

“What kind of services and activities would you need to prepare your internationalisation process? (Q44)” second on the list is: “to get more information about financing your international expansion”: 49%

Also to overcome the lack of dedicated human resources, some of the companies are quite interested in specific training such as “Country-focused training (fiscal, legal aspects)” (53%), “Training on internationalisation and new market entry strategy” (43%), “Training on market trends and opportunities” (43%). (Q45) Nevertheless, this request for training does not seem that high since it does not exceed 53%.

#### 1.3.1.6 Help find partners

The companies are eager to have partnerships in the targeted countries (see above). This is why the first services (by far) they need to prepare their internationalisation process is “Participation in international events and exhibitions” (80%) and to prepare **access to a new country** “Partner search in the foreign country” (71%) followed by “Organisation of networking and B2B activities in the foreign country” (54%). In the WP4, it will be necessary to investigate if the consortium should support the fair/ festival etc... attendance of the companies even if most of the companies have already quite develop this part of their international activities (see above).

#### 1.3.1.7 Support from experienced companies

The clusters include large companies with intense international experience and business connections. Even the small companies have been having international activities. The cooperation between the clusters companies willing to go international could be intensified. To the question (Q 22): “Would you be interested in tutoring other European companies to enter the international markets you’re already experienced in? No (0) – Sure! (100)” Most of the companies are positive (60 is the average answer). It would be necessary to use the clusters strengths: they are well integrated networks of various market players that could support each other.

## 2 GLOBAL MARKET AND INTERNATIONAL OPPORTUNITIES ANALYSIS

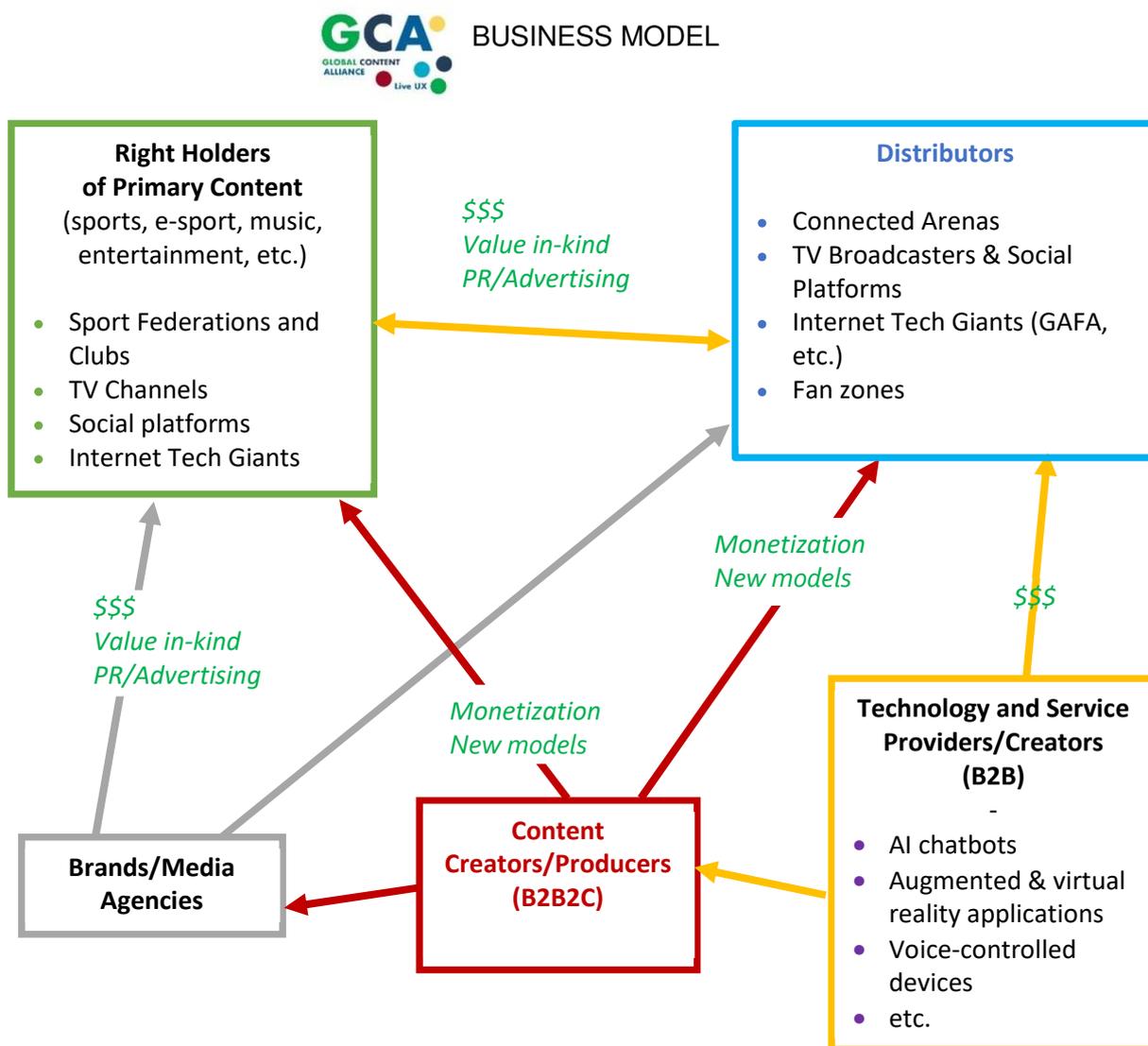
A market analysis aiming at updating and mutualising relevant market data between the members of the consortium

### 2.1 THEMATIC AND SCOPE

The global market and international opportunities analysis focuses on the thematic addressed by the GCA project which are (extract from the Kick-Off meeting minutes-jan.18):

- Reinventing the Live experience in Sports and Live Entertainment thanks to new innovative, interactive and immersive content formats, services and technologies.
- Extending such new user experiences to other markets (leisure park, tourism, museums, trade-fairs, events, education, training, smart city, mobility, wellbeing, etc.)
- Optimizing SMEs business models in particular by adopting digital marketing approaches and emerging digital technologies.

As introduction of the analysis, the picture below gives an overview of the game players in this market:



## 2.2 METHODOLOGICAL APPROACH

The qualitative way of collecting information is reinforced by the compilation of market studies by each cluster coordinator. They decided to spot specific areas in their researches following their previous knowledge and connections in the specific markets:

- *PMGP*: America (North)
- *Media Evolution*: America (South)
- Transmedia Bayern: India, China
- *Twist*: Russia, CIS, Turkey

A list of criteria is being set up to objectivise the analyse the 3<sup>rd</sup> country markets within a common framework and to target the most attractive and accessible markets for our cluster members.

The exhaustive list of criteria can be found in Annex 4.2.

## 2.3 GLOBAL MARKET TRENDS

*Countries with accessible markets (how to get access to this market? Identification of partners?)*

Summary of the global market trends study:

### 2.2.3 MEDIA CEO's MAJOR WORRIES

### 2.2.4 Global entertainment and media industry's disruptive context

### 2.2.5 New technologies in entertainment and media industry

### 2.2.6 Trust and regulation

### 2.3.1 Media CEO's major worries

- PWC has conducted 1,293 interviews in more than 85 countries.

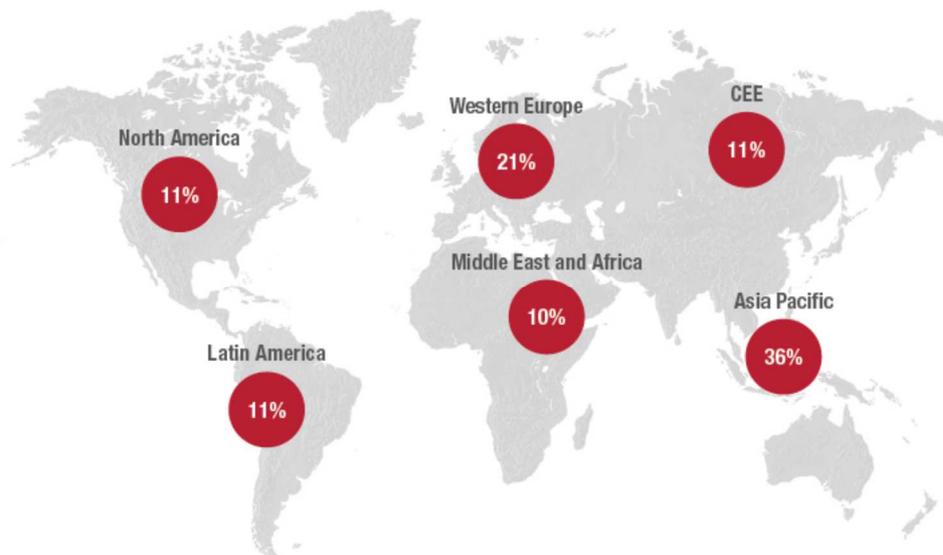


Figure 1: Source: Price Waterhouse Coopers's 21st CEO survey:

More than most of their counterparts in other industries, CEOs in media are wary about their own company prospects.

- Geopolitical uncertainty, over-regulation, and populism top the list of threats

About threats to growth and profitability, Geopolitical uncertainty (39%), over-regulation (34%), and populism (33%) are high on the list of on the top of the list of economic and social threats. The Media CEOs worry most about the availability of key skills (45%), the speed of technological changes (42%) and cyber threats (42%).

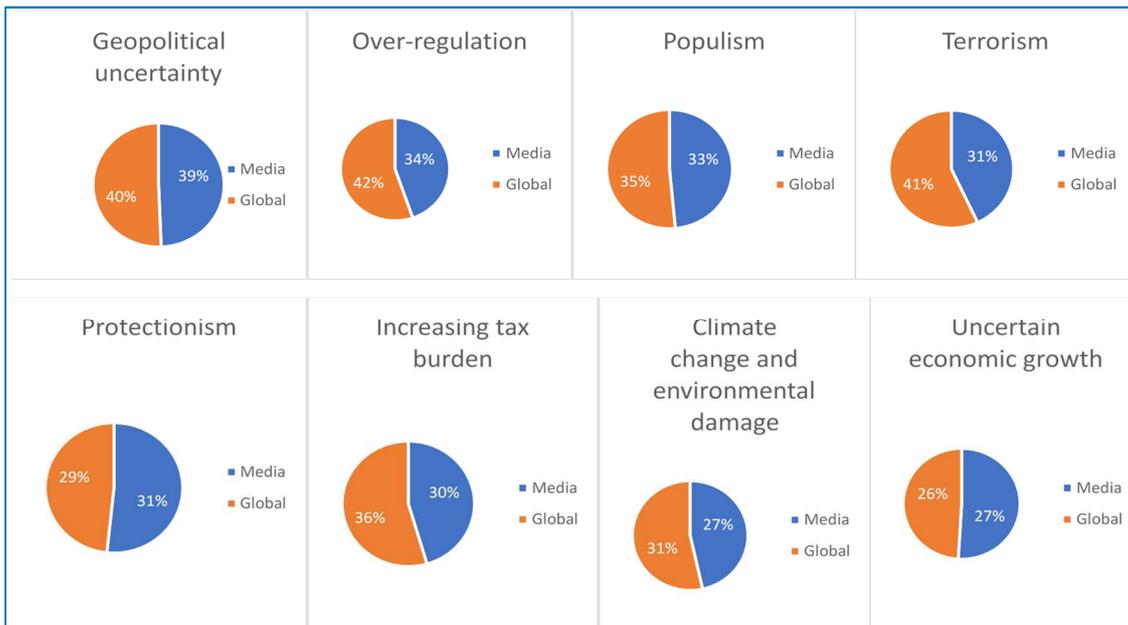


Figure 2 How concerned are you about the following economic, policy, social, and environmental threats to your organisation's growth prospects? - Source PwC

- Identified disruptions: customer behaviour and shift in technologies

The disruptive or otherwise trends for their business over the next five years are clearly identified. The main concerns are: the changes in consumer behaviours and the looming changes in the core of technologies of production and service.

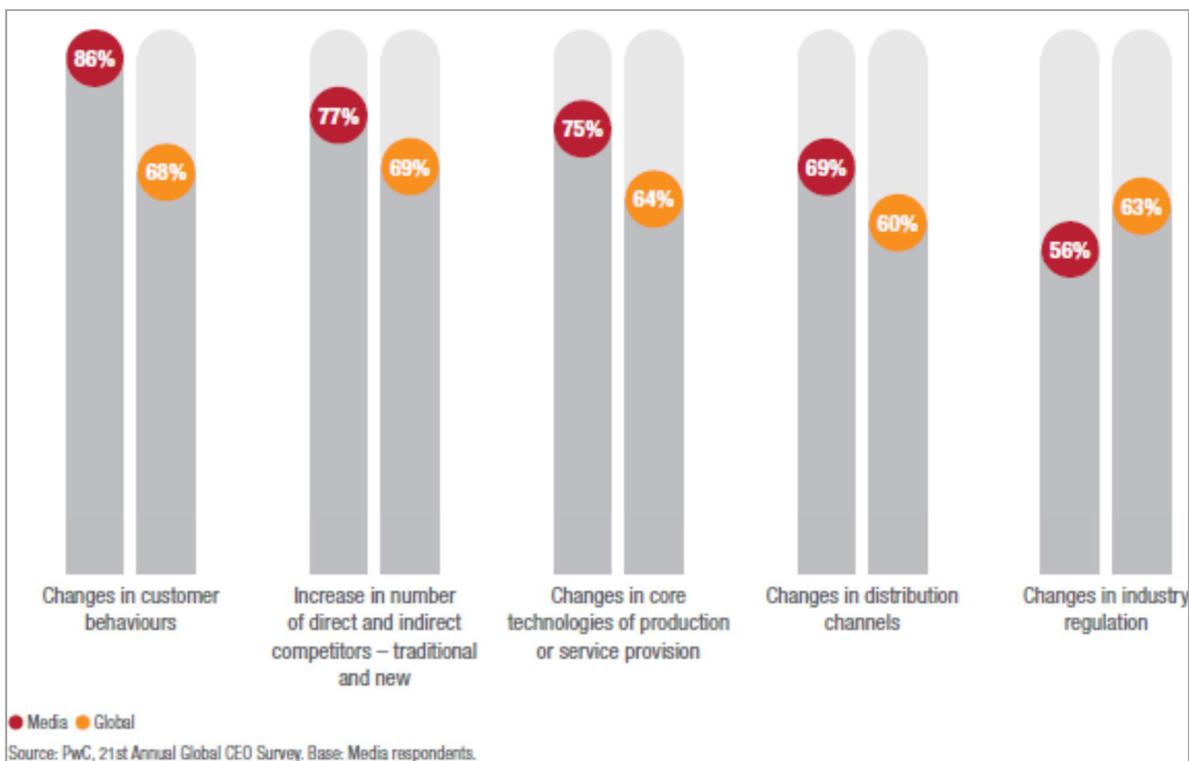


Figure 3 How disruptive or otherwise do you think the following trends will be for your business over the next five years? - source: PwC

## Conclusions

- ▶ The disruptors' rich media platforms appeared several years ago are displacing traditional content production and distribution.

- ▶ It's become clear that content alone is no longer enough to sustain a healthy business model.
- ▶ The disruptors quickly built up audiences with user-friendly, customizable platforms. They convinced users to contribute free content. Finally, they used powerful data analytics to determine the topic that most interest users.
- ▶ Advertising is moving towards these platforms, starving the established media companies of their main revenue.

### 2.3.2 Global entertainment and media industry's disruptive context

#### 2.3.2.1 The average of convergence 3.0

**Convergence** is all the rage again across entertainment and media (E&M), technology and telecommunications. Large access providers and platform companies are integrating vertically. More and more established giants are adopting the same model (Disney-Fox, ATT-Time Warner). Companies that once offered only technology and distribution are moving into content. The distinctions between print and digital, video games and sports, wireless and fixed Internet access, pay-TV and over-the-top (OTT), social and traditional media are blurring.

In this converged entertainment ecosystem, many companies are now aiming at business models that revolve around direct-to-consumer relationships.

We are seeing participants of all sizes, and in all geographies, engaged in strategic efforts that in prior eras would have been classified as vertical integration, horizontal integration or diversification. The reason is that media, technology and telecommunications enterprises now view it as an imperative to own the user experience.

The underlying aim is to have a direct end-user relationship that enables the monetisation of engagement and loyalty in a variety of ways.

3 waves of Convergence	
Convergence 1.0 (1999-2003)	Convergence 2.0 (2008-2011)
Hailed as heralding a new paradigm in E&M, this convergence had at its core a series of deals involving traditional content businesses and delivery-focussed or distribution-focussed players (CBS-Viacom, Telefonica-Endemol, etc.).	This time the deals aimed at owning more links of the value chain and gaining scale (Disney-Marvel, Hearst-Lagardère, etc.).
Convergence 3.0	
The current trends places pressure on players (and creates opportunities) to diversify revenue streams, position themselves in more and different points in the value chain and seek relevant scale. Many players, regardless of their heritage of core competencies, will have to compete in several realms at once: content, access, distribution, global footprint expansion, technology, user experience, customer intimacy and monetisation.	

Convergence 3.0 translate into four varieties of convergence: In media, in access, in business model and in geographies.

#### 1) Convergence in media

The distinctions among varieties of media are collapsing. We're seeing TV networks, telecoms, tech companies, OTT services and movie studios compete to provide a broad array of video content to consumers. Radio stations, podcast companies and music streaming services are battling it out to deliver on-demand audio content to users (*see Exhibit 5*). And Google, Clear Channel and advertising technology players are competing to provide digital out-of-home services.

We're seeing TV networks, telecoms, tech companies, OTT services and movie studios compete to provide a broad array of video content to consumers. Radio stations, podcast companies and music streaming services are battling it out to deliver on-demand audio content to users (*see Exhibit 5*). And Google, Clear Channel and advertising technology players are competing to provide digital out-of-home services.

## 2) Convergence in access (wireless/fixed)

Convergence is also under way in the telecommunications industry as it prepares for mass rollout of high-bandwidth 5G services. The old classifications of wired, wireless, cable and satellite is becoming meaningless. All are building or buying fibre and spectrum. Wi-Fi hot spots are becoming ubiquitous in public spaces. Usage of mobile data is expected to increase.

5G is acting as a major growth driver for entertainment and media offerings. Improvements in speed, quality and reliability will positively affect areas such as mobile gaming, and players will have the ability to deliver more live video as well as immersive virtual reality (VR) and augmented reality (AR) experiences.

## 3) Convergence in business models

Among more focussed players, we see convergence in building a greater level of direct-to-consumer revenues involving subscriptions, live events, e-commerce, licencing and consumer products.

## 4) Convergence in geographies

Finally, we are seeing that companies – especially the largest ones – are converging on global markets. The cost of scaling into new countries has fallen, and fresh markets offer attractive growth opportunities. Chinese players such as online and mobile payments provider AliPay and Wanda are in Europe. The National Basketball Association (NBA) is simultaneously seeking to expand sales of its League Pass on a global basis, to play more games in London and Mexico City and to build audiences in China and India.

**In today's environment, the prospect of operating globally isn't only for giants.** Business Insider, the start-up news site acquired by Axel Springer, has editions in the UK, Germany, South Africa, India, Italy, Malaysia, Japan and several other countries – including editions in local languages.

### 2.3.2.2 The E&M shift: the industry becomes “Fan-tastic”

The fan experience becomes the driving force in global entertainment and media. For E&M companies, the formula to success is to create a fan-centric business.

Entertainment & media (E&M) businesses today—from feature films to sports teams, video games to scripted series—simply cannot thrive without the economic, social, and emotional power of fans.

A major market opportunity exists for those players that can become truly fan-centric: **following fan passions creates a natural pathway to identifying new revenue opportunities.** The companies that are adept at building, activating, and monetizing fans will emerge as the industry's leaders.

**In today's hypercompetitive landscape, entertainment and media businesses must be designed around and for fans.** They must know more about who their users are, what they want, and how and where to deliver it. Fans spend more per capita and are less likely to churn. Today's fans recruit tomorrow's.

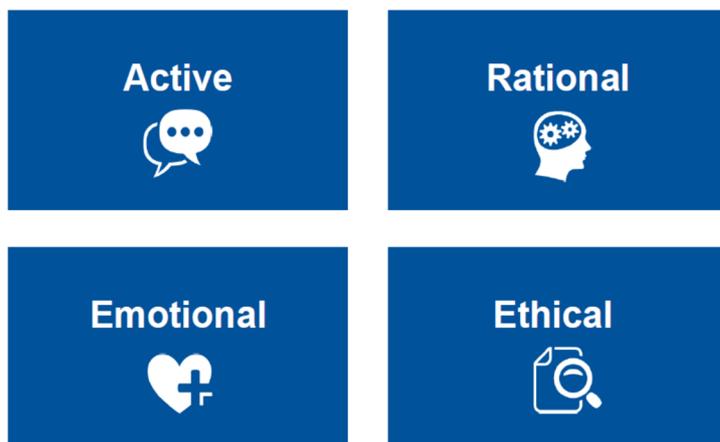
**Live events:** Ample market data suggests how much millennials prioritize live experiences over physical products, and indicates that they are spending more time and money on them.

### 2.3.2.3 Fan Insight

As user behaviours rapidly evolve and consumption occurs across an ever-expanding universe of distribution environments and platforms, companies with the deepest, most direct insight into their fans have a decisive advantage. Unfortunately, too many large E&M companies remain focused on analysing outputs such as ratings, unique visitors, and time spent rather than drilling into the functional, emotional, and social behaviours that translate into fandom for their brands. And although most companies sit on a treasure trove of first-party data, few have organized their people, processes, and technology to mine those insights into fan preferences at the necessary operational scale.

**Music Industry:** It is not surprising that fan insight capabilities have evolved most quickly in the music industry where top artists were used to interact directly with fans and create fan communities (ex. Beatles). In digital era, artists such as Beyoncé can successfully use social media to crack the code for fan development and fan activation.

### 2.3.2.4 Fan engagement



Fan Engagement Dimensions (Gartner)

<b>Societal</b>	<b>Demographic Tremors</b>	<b>The Big, Smart City</b>	<b>The Power of Me</b>
<b>Business</b>	<b>Digital Business</b>	<b>The Digital Workplace</b>	<b>Ecosystems and Platforms</b>
<b>Technology</b>	<b>Conversational Systems</b>	<b>Intelligent Apps and Things</b>	<b>Digital Twins</b>

Figure 4 Trends Impacting Fan Engagement (Gartner)

### 2.3.2.5 Content and Experiences

For many consumer entertainment and media businesses, avid or loyal fans — who typically represent 10 to 20 percent of a franchise’s user base — can drive 80 percent or more of that franchise’s overall business value. Content efforts therefore must prioritize initiatives aimed at super-serving them — deepening engagement with avid fans and simultaneously extending the brands and franchises associated with these passionate fans into new areas.

Avid fans cannot get enough of the content they love. They binge on it. They share it. They talk and post about it. They create more of it. Avid fans will seek out content-fuelled interactions across a diversity of experiences, provided those interactions ignite and fuel their emotional connection with, say, a sports team, a film, or a video game. For many fans, the quality of these experiences is further amplified when it translates into social connection; fan-to-fan relationships; and active communities united by shared passions, values, and interests.

### 2.3.2.6 Distribution

As user behaviour and content consumption — especially among younger users — trend more toward social media, mobile devices, and streaming, E&M companies have to adapt to ensure they are building and strengthening their fan bases. For many players, this means developing powerful owned and operated showcase destinations, and designing experiences on partner platforms that grow and deepen the fan base.

This “showcase” approach to owned distribution is relevant for entertainment and media brands that possess a critical mass of passionate fans.

### 2.3.2.7 Monetization

**Companies that build fan bases have to be able to capture their premium value effectively.** Given that fans engage across many properties and feel increasingly skittish when content and advertising are out of context, E&M companies have to become more sophisticated with respect to data, segmentation and measurement, and technology to succeed commercially.

Given the realities of user fragmentation, companies have to better understand the behaviour of their fans beyond their own properties.

### 2.3.2.8 Future of Fans

Even in a period of disruption, some realities endure. The most valuable constituents in the E&M industry are the active, loyal, and passionate fans. As the industry transforms in response to the direct-to-consumer model, those companies that fully embrace a fan-centric approach to their business, functions, and operating culture will emerge as the new leaders.

#### 2.3.2.8.1 The 5 drivers of change

##### 1) Ubiquitous connectivity

Ongoing investments in technology and broadband network infrastructure have expanded coverage, capacity, bandwidth and connectivity to the point where consumers and their devices are always connected and always on. These developments support an ever-expanding supply and diversity of content, experiences and applications that can be delivered directly and digitally to users.

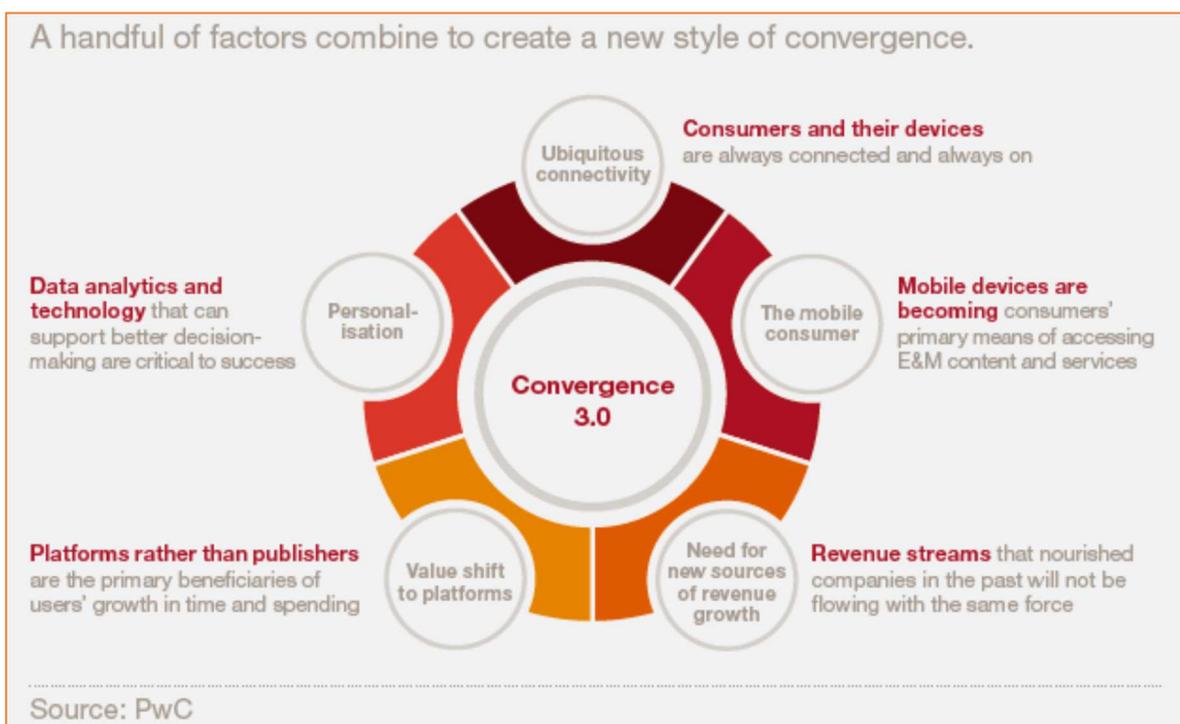


Figure 5 Convergence 3.0 - Source PWC

##### 2) The mobile consumer

The connected mobile device is the consumers' primary means of accessing E&M content and services across virtually all markets worldwide. That makes it imperative for content creators, distributors and platforms to develop the means to reach and monetise mobile consumers directly through mobile experiences rather than through traditional sales and distribution approach.

### 3) Need for new sources of revenue

Many sectors of the E&M ecosystem are showing weak, stagnant or even declining growth. Whether it is newspaper companies in the UK, movie theatre operators in the US, publishers in Japan or magazine

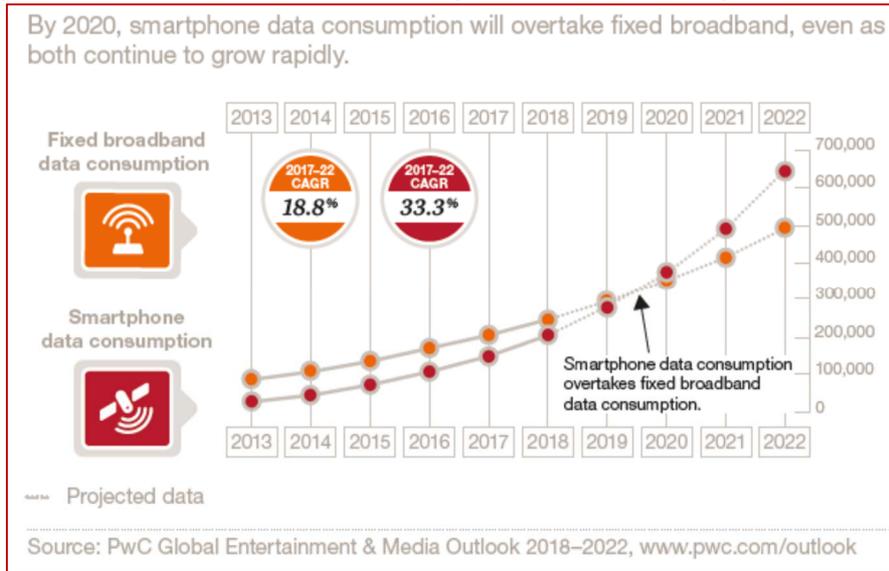


Figure 6 Global fixed broadband vs. smartphone data consumption (MB bn):

companies around the world, players will find that the streams that nourished them in previous years will not be flowing with the same force. Simultaneously, telecommunications companies face stagnant core businesses and are looking at E&M as a growth driver of new products, services and experiences. Every company in the E&M ecosystem is racing to develop new revenue streams, especially in digital.

### 4) Value shift to platforms

As entertainment and media have digitised, social media and technology platforms, and not publishers (content creators and packagers), have often been the primary beneficiaries of users' growth in time and spending. The platforms have shown greater effectiveness in monetising across advertising, subscriptions and transactions. These platforms are playing a more prominent role in content creation. In parallel, many publishers, especially in video, are investing in their own platforms and seeking to become more proficient in technology, data and digital delivery.

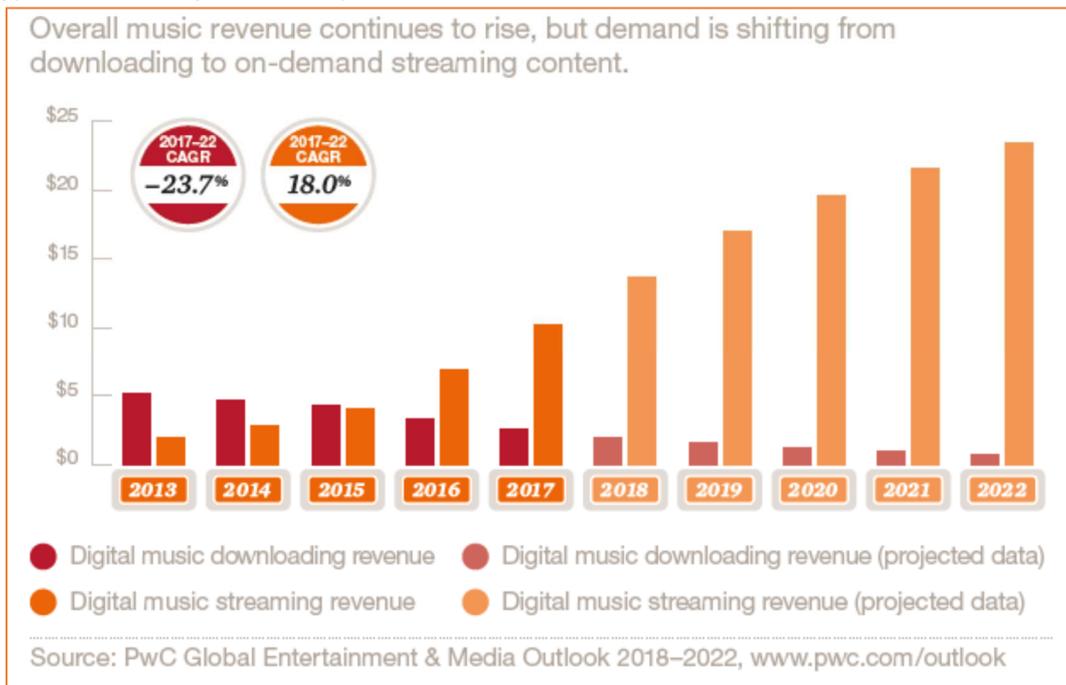


Figure 7 Global digital music downloading revenue vs. digital music streaming revenue (US\$ bn)

## 5) Personalisation

Consumers no longer want one-size-fits-all E&M experiences determined by network programmers or publishing editors. Neither do advertisers. As a result, data analytics and technology that can support better decision-making with respect to content, distribution, user experience and monetisation have become E&M marketplace.

### 2.3.2.8.2 Super competitors and relevance at scale

The forces driving convergence will likely lead to the emergence of super competitors. This handful of global players that converge towards similar business models will unite content, commerce, advertising, communications and deep financial resources under a single corporate roof.



Figure 8 Source: Gartner

As platforms assume a greater role in the E&M ecosystem, large companies that choose to compete will have to develop greater depth (e.g.: Time Warner has decided to sell itself to AT&T;

Disney purchased 21<sup>st</sup> Century).

**The imperative is to build a business that has a relevant scale.** Those who succeed will do so by focussing on direct user relationships, forging commercial bonds with fans, using data to provide an excellent user experience, creating compelling advertising products and generally leveraging the loyalty and engagement that quality content can create.

**GCA SMEs:** In fact, in many ways, **smaller companies may be better placed to develop the fan-based user streams.** By building up relevant scale in a single market, companies can develop multiple streams while offering an alternative advertising and marketing outlet beyond the big platforms.

There are many highly defensible niches that offer room for growth.

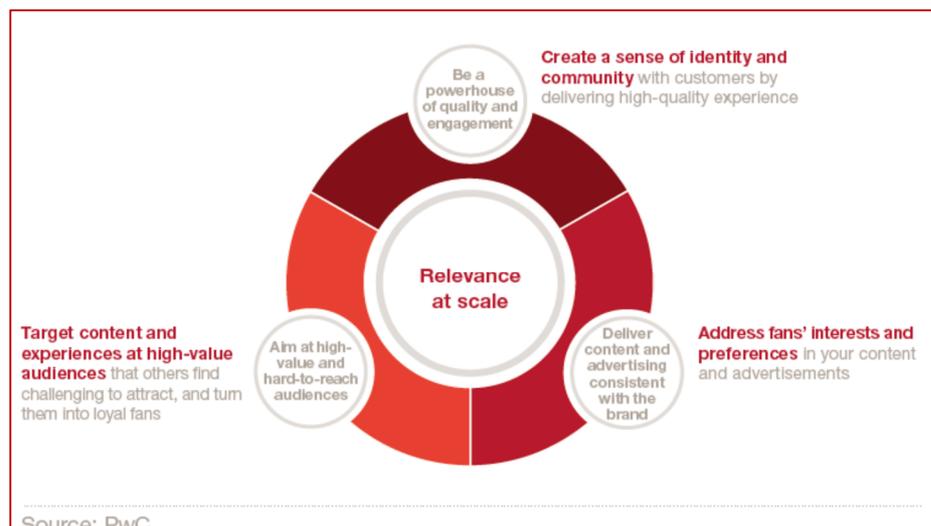


Figure 9: Required capabilities - source PwC

### 2.3.2.8.3 The revenue stream revolution in entertainment and media

➤ **Developing new sources of income is a vital strategic imperative by [Christopher Vollmer](#)**

‘Digitization has permanently reshaped the global entertainment and media (E&M) ecosystem. Content has become more immersive and available on demand. Digital platforms have proliferated, creating more direct and personalized distribution. The competition for user engagement and spending has never been more brutal. All these developments have significantly disrupted the flow of E&M revenues. Gone are the days when TV networks, film studios, or companies of any kind could thrive on one, two, or even three reliable revenue sources. **Today, profitable growth increasingly depends on having five, six, or even more revenue streams — an often fluid portfolio of bets on businesses and products that extend beyond traditional sources of monetization.**’

Video Games: Between 2012 and 2017, video games expanded faster than any other major content sector. The sector is projected to grow 28 percent between 2018 and 2022, according to PwC’s Global Entertainment & Media Outlook 2018–2022. Game publishers such as Electronic Arts (EA), Activision, and Take-Two Interactive have moved: **Games are now marketed as digital live services**, which offer the potential for content updates and in-game micropurchases of items that enhance player performance and personalize game play.

➤ **Reinventing media business models**

At every point in the value chain, in every country, companies are having to reconsider precisely how and where they generate revenues and what role they play in the E&M ecosystem.

#### 1. Advertising models

There is a widespread concern over the viability of existing models that centre on advertising.

- In digital advertising

The duopoly of Google and Facebook continues to gather the lion’s share of US digital advertising, about 57%. Consequently, flourishing digital publishers – BuzzFeed, Vice, Mashable and many others – have struggled to meet ad sales targets that were formerly achievable.

- In TV advertising

So many commercial pods have been stuffed into primetime shows that it’s had the effect of driving viewers away from consuming linear ad-supported video.

- Ad skipping and ad blocking

They are having an impact, as consumers act on their preference to avoid advertising, or simply doing something else during ad breaks.

- Direct-to-consumer business models

Large segments of the consumer marketing world are now building brand-direct marketing, E-commerce and media capabilities, creating a significant ripple effect on media and advertising.

- Growth in streaming video-on demand (SVOD) and OTT subscription

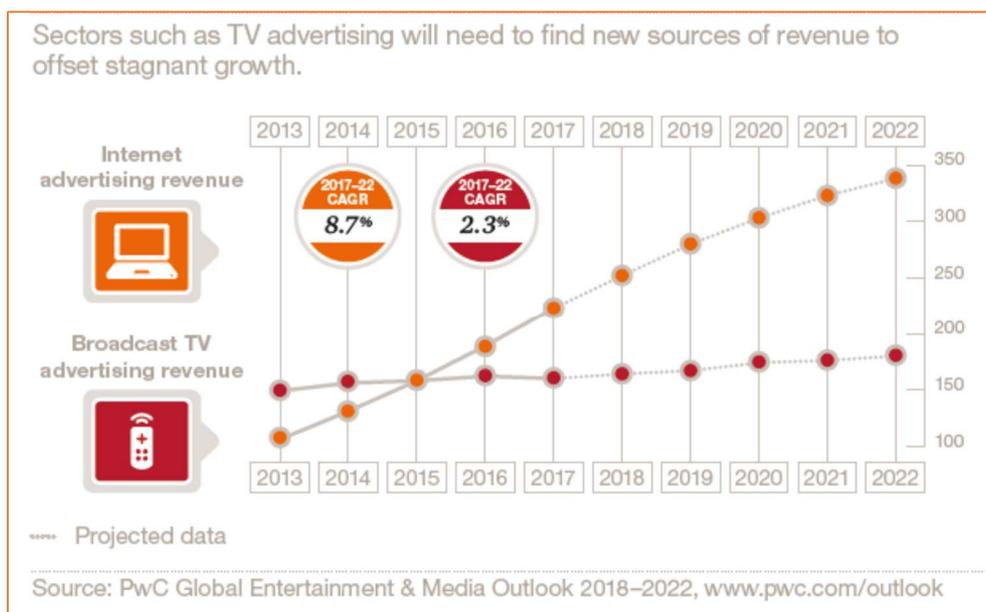


Figure 10 Global Internet advertising vs. broadcast TV advertising revenue (US\$ bn): - Source PwC

SVOD and OTT subscriptions are one of the fastest-growing components of the video ecosystem. And they are primarily ad-free: Netflix, Amazon Prime, the NBC Sports Gold Cycling Pass, the NBA League Pass, HBO Now, Hulu or CBS All Access.

## 2. Developing new streams of revenue

Companies are exploring an expanding array of strategies to build new streams. (For a more thorough description, see “The Revenue Stream Revolution in Entertainment and Media,” by Christopher Vollmer)

- Maximising distribution reach

By monetising existing core brands, products and intellectual property through new channels and platforms, either owned and operated or accessed via partners.

- Developing new ad products that connect brands to fan communities

By creating *more compelling experiences for users and marketers* For example, by serving addressable households (those within a defined or targeted audience) different ads during the same TV programming, targeting viewers’ demographics, location, shopping habits and behavioural attributes: *The national Geographic Further Community or Sky AdSmart platform.*

- Closing the loop between user engagement and commerce activity

Video Game Company Ubisoft has shifted its strategy from releasing annual blockbusters to reinventing franchises such as Assassin’s Creed.

Video Game: Video Game companies appear to have cracked the code on monetizing digital engagement through direct-to-user microtransactions. They are adjusting prices dynamically for microtransaction items based on user demand. They are also applying machine learning to analyze player context and determine where, when, and how to best merchandise and promote items to users in-game.

- Extending the brand from media properties into new revenue streams (Omni-Brand)

By transforming a brand into a multimedia franchise (e.g. Tasty, BuzzFeed’s foodie brand, now includes an eponymous best-selling cookbook and a line of Tasty-branded kitchen tools at Walmart.

- Encouraging a membership mind-set

By developing *premium media experiences and other benefits, products, and services that are accessible only to those users who are willing to pay for them.*

e.g. The New York Times Company and Schibsted (a Scandinavian media company with leading newspapers in Sweden and Norway) have aggressively converted ad-supported readers into digital subscriber–members.

- Prospecting for new revenues in entirely new entertainment and media markets

*By creating new revenue streams in markets where business models and fan experiences are not yet fully established.*

e.g. Tencent's Riot Games has introduced a franchise structure for its North American League of Legends Series (NA LCS).

**Video Game/ Sports:** Video games publishers and sports entertainment entities increasingly view e-sports as their next big revenue growth engine.

e.g. Stockholm-based MTG (Modern Times Group) has prioritized expansion into e-sports as the company transforms from a traditional broadcaster into a digital entertainment group.

- Globalising aggressively by pushing into new geographic markets

*Expand addressable revenue streams by entering new geographic markets.*

e.g. **Netflix** is now available in 190 countries and has 54.8 million domestic subscribers. Between the fourth quarter of 2015 and the fourth quarter of 2017, international revenues nearly tripled, expanding from \$566 million to \$1.55 billion.

Many pieces came together to support Netflix's rapid international expansion. Distribution partnerships with TV operators and ISPs had to be secured. Huge volumes of on-demand video content had to be procured and translated effectively. Local billing relationships in local languages had to be established. But Netflix also departed from conventional content internationalization strategies that emphasized demographics and cultural distinctions such as language, and instead focused on identifying and targeting 2,000 "taste communities".

### 2.3.3 New Technologies in Entertainment and Media Industry

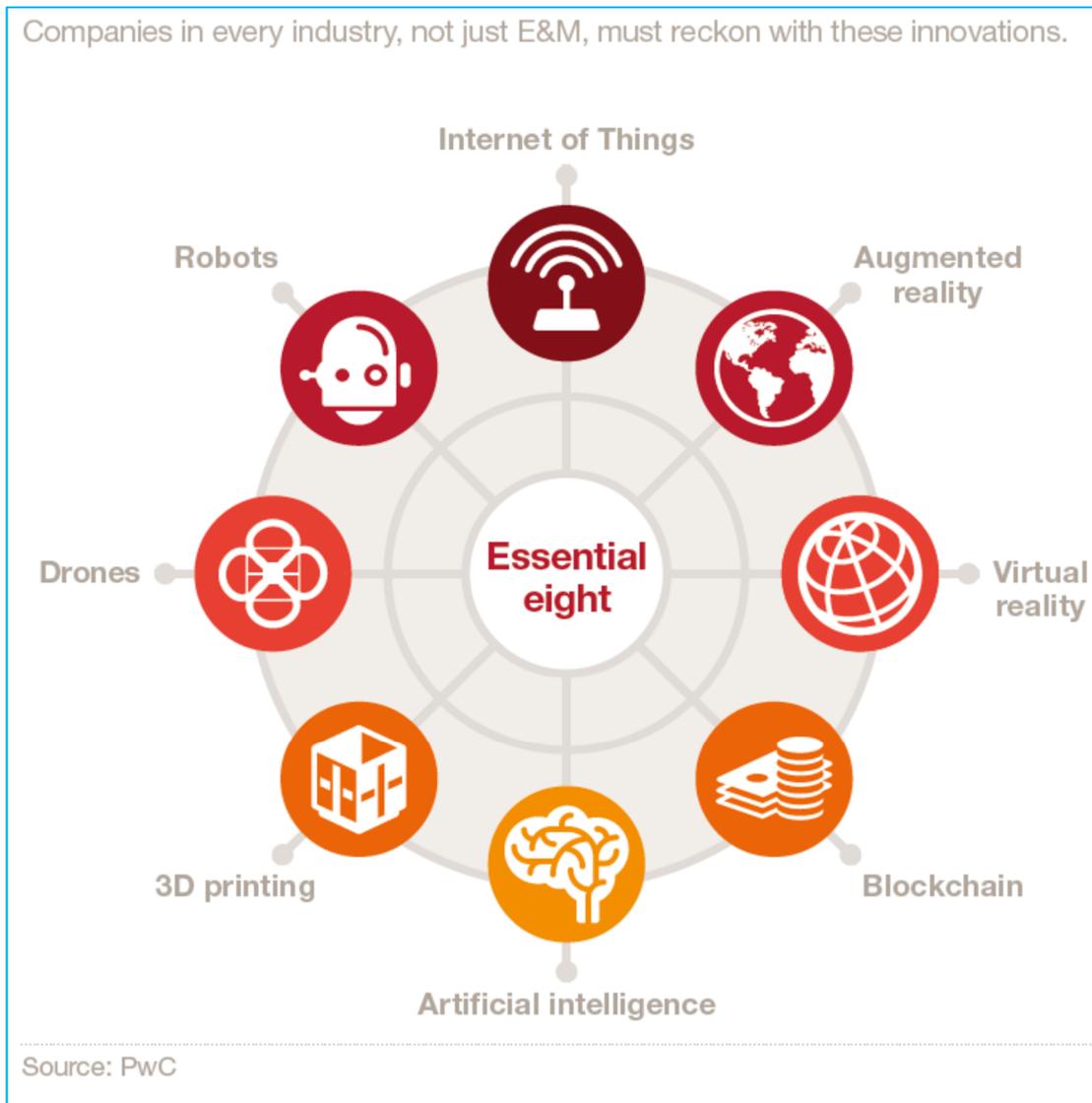


Figure 11 Companies in every industries - Source: PwC

#### Data & Analytics

One component of the technology impact is the growing importance and centrality of data and analytics to all media operations.

As companies in E&M pursue new revenue streams, first-party data has emerged as perhaps the most valuable asset. The data and analytics will play a pivotal role in E&M. Today, many companies still lack the data and analytics capabilities they need to deliver content, advertising and other experiences to the right users at the right time and in the right context – although this is clearly a high-priority investment area for many.

#### AI

**AI will dominate.** Netflix’s recommendation algorithm is one prominent example of how AI builds consumer engagement and satisfaction. But in the next few years, more and more telecommunications companies will launch voice-controlled AI assistant interfaces for their pay-TV and smart home products and services. But fierce competition is coming, in the shape of the next generation of AI-powered ‘smarter phones,’ which will combine voice interfaces with the use of algorithms to anticipate and infer users’ intent.

AI will also continue to advance on other fronts:

- Development of a new AI-driven targeting tool to make ads more relevant for audiences.
- Using data in game industry to adjust prices dynamically for microtransaction items based on user demand. They also analyse player context to determine where, when and how to best merchandise and promote items to users in-game.

- Voice control and chatbots experimentation starts to turn into real products
- The use of AI to spot fake news, hate speech and abusive content

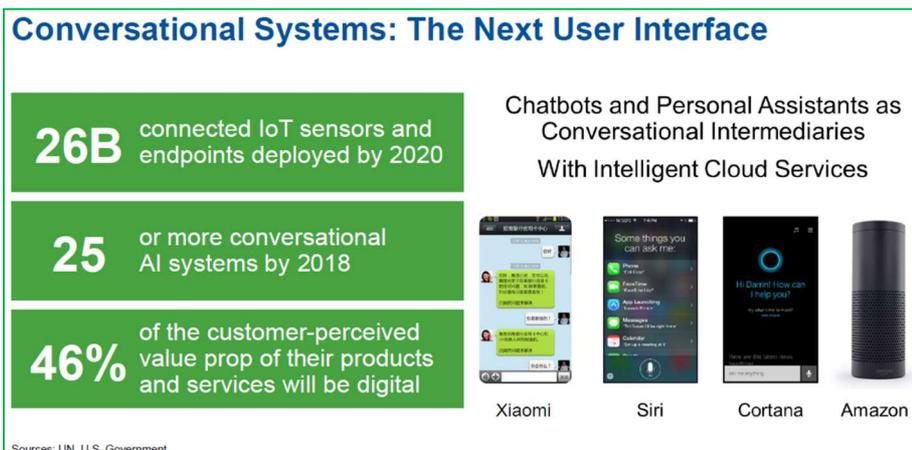


Figure 12 Conversational systems: Source: US Government

## VR

**VR is already beginning to play supporting roles.** Revenues from VR apps, gaming and video, which were US\$3.9bn in 2017, are expected to soar more than fivefold by 2022. The price point is significant. VR no longer needs expensive computer to power the related VR Experiences. The Oculus Rift originally sold for US\$599 is now below US\$200.

**Sports: NextVR and the NBA** have partnered to create a VR experience for subscribers to the NBA's League Pass. Shooting the action with eight specialised cameras, NextVR captures angles of the game and streams them live to subscribers who are watching through NextVR's Samsung Galaxy Gear VR.

## AR

Mobile AR is poised to play an even more transformative role for the industry.

Apple (ARKit) and Google (ARCore) have developed their platform for mobile. Games (e.g. Pokemon Go) will continue to dominate in the mobile AR category. But several other key app types will also grow, including navigation, home improvement and experiences designed by brands to increase consumer engagement. Football clubs are offering remote action experiences.

**GCA/ Cross-sectoral approach:** Other closely adjacent industries adopt both AR and VR to create immersive customer experiences. These adopters will include museums presenting collections virtually.

## Blending AI and VR/AR

It can have a transformational impact on the ability to derive actionable data on consumers' behaviour. E.g. VR analytics Canadian company Retinad (<https://www.retinadvr.com/virtual-reality-analytics>) has developed heat-map technology that tracks where a person in a virtual environment looks and for how long. In the future, apps could harness that data to create experiences geared to specific individuals.

## Blockchain

The emerging technology of blockchain is likely to evolve as an enabler of digital transformation for E&M companies. Blockchain has the potential to grow into a key capability, helping companies:

- ▶ keep track of content assets
- ▶ Avoid contractual disputes.

Blockchain could bring benefits in areas as diverse as:

- ▶ royalty tracking and collection,
- ▶ digital advertising impact measurement and
- ▶ piracy prevention

These are just initial steps. The next frontier has yet to be crossed: securing the data, using it to improve experiences and monetising it more effectively. That's the looming challenge for the industry.

## 2.3.4 Trust and regulation

### 2.3.4.1 TRUST AS A DIFFERENTIATOR

The level of trust in companies among both consumers and business-to-business customers is an increasingly prominent topic of debate, and E&M companies are intensely affected by it.

Trust will also be a vital determinant of the sector's ability to attract and sustain revenues in the future, from both subscriptions and advertising.

The five fundamentals of trust:



Figure 13 The five fundamentals of trust - Source PWC

The rising importance of data – and the central place that the usage, storage, sharing, mining and safety of consumer data plays in the E&M emerging landscape – is pushing trust to an even more central position.

### 2.3.4.2 REGULATION

**EU's General Data Protection Regulation (RGPD)** in force since May 2018 requires huge changes in how businesses and public-sector organisations handle and use their customers' personal information. As well as creating compliance challenges, the GDPR provides an opportunity for E&M companies to upgrade their systems, communicate superior protection for customers and demonstrate their trustworthiness.



Figure 14 Trends affecting policy and regulation in 2018:- Source PWC

## 2.4 ANALYSIS OF GCA'S SPORTS AND LIVE ENTERTAINMENT MARKET

This document speaks a lot about the Live experience in Sport because a lot of documents and studies are available in this sector that has always been a powerful TV market. But **from the point of view of Live experience, whether it is sport or entertainment; whether on site, at home or in a mobility situation, whether it is Live “Live”, Virtual Live or Augmented Live, the 2 sectors are no longer one and the same market.** What may apply to one may apply to the other.

**Methodology:** This paper analyses the three value chains that have been identified as presenting the most opportunities for internationalisation of GCA Consortium (cf GCA general Presentation).

- ▶ VC1 New experiences start at home
  - ▶ VC2 New experiences within the venues/stadiums/arenas
  - ▶ VC3 New experiences within the fan zones
- a) For each VC, stakeholders, partners, specific business model, new revenue streams, new technologies will be identified.
  - b) Once the SWOT Analysis of the GCA consortium has been completed, we will be able to make the consortium's consolidated analysis according to the value chains, defining the one for which the consortium has the best assets on the international scene.
  - c) Define the partnerships to reinforce within the EU, with SMEs, clusters or others consortium involved in ESCP-4i projects.
  - d) Define the targeted third countries or zones for which the GCA consortium would have the best assets. Define the partnerships to engage outside EU to strengthen GCA internationalisation process.

Sources:

- “The future of Live Entertainment” Kurt Schneider
- “The Future of Sports Fan” (Canvas 8)
- “The New Fan Experience is here” (Cisco)
- “White paper on Connected arenas” (unknown author)
- “Perspectives from the Global Entertainment & Media Outlook 2018–2022” (PWC)
- Top5 Commercial Sports Trends (Nielsen)
- White paper on OTT services (NeuLion)
- TV Futures Initiative on OTT services (Comcast)
- The esports Playbook (Nielsen)
- The stadium as a platform A new model for integrating venue technology into sports business (Deloitte)
- Smart Connected Stadiums -Infosys 2018
- “Video gaming levels up into a sport” (Bob Woods)
- “US, UK, Germany, France - The Esports playbook: maximizing your investment through understanding the fans” ( Nielsen)
- “The rise of esports: a new audience model and a new medium?” (Neal Southern)

## 2.4.1 The Sport and Live Entertainment markets

### *The Sport and Live Entertainment markets in of the Entertainment & Media industry*

Sport and live entertainment are two extremely close markets that have always been driven by their **fans** and their communities, long before the advent of digital. In this, they already have a head start on some markets in the E & M industry for which the mutation is to operate or at best in progress.

**Supercompetitors** have also invaded these markets, especially because Internet Tech Giants have become rights holders.

On the global need to find new sources of revenue, the two markets have natively good assets, as well as the owners of connected stadiums, local authorities, platforms, TV channels, broadcasters, service developers, brands involved in sponsoring. Everyone must offer a renewed experience to its users / customers, based on shared values: passion, fun, trust, inclusion, sustainability, accessibility, etc.

**E-sport**, which is at the heart of GCA's markets, is nowadays identified as the most advanced market in terms of transforming its bi-business model, able to adapt to the closest of its fans with a very agile monetization of its services.

The number of data processed in these two markets, and particularly in Sport, led them very early to introduce **data analytics processes**.

Lastly, the **innovative technologies** that will dominate the E&M industry in the coming years are often coming from the Sport market, of which we know how much it drives technological innovation.

## 2.4.2 Sports and Live Entertainment: a fan-driven market

**Fans have changed the Live Experience.** The common shared experience in-venue cannot be duplicated and this gives live entertainment an evergreen appeal. Nevertheless, with escalating prices and diminishing audience attention spans, it is now incumbent upon properties to constantly justify the cost and time to the consumer.

Consumers have come to expect more than a finite, two-hour live experience. Live entertainment that keeps a flat, one-way relationship with its ticket buyer's risks losing relevance.

Consumers now expect:

- An immersive, on-demand relationship with their entertainment,
- at all times,
- in an individualized way,
- Sharable with their communities via social media.

Successful Live experiences must envelop and encourage individualized fan participation via multiple access points on various platforms before, during and after the in-arena event. It is the new way to fully transform the ticket buyer into a lifelong fan.

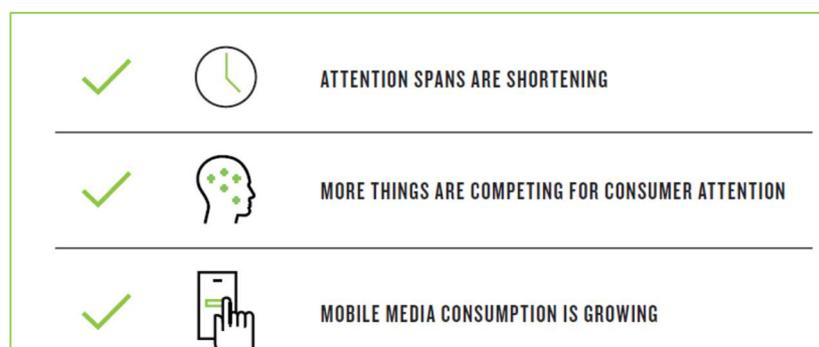


Figure 15 Trends reshaping Content (Source Nielsen)

### 2.4.2.1 Fan insights

**A high rate of millennials in fan bases.** They are between 18 and 35 years old. In the United States, the Millennials have become prevailing. By 2020, the Millennials will represent one third of the active population. It is a mobile first generation always connected and addicted to smartphones.

**From programming to curation:** To find the right content, Millennials rely heavily on advice from their social networks, thus strengthening this new company's recommendation. The power thus passes program directors who decided everything to a curation made by third parties, or even by machines (algorithms).

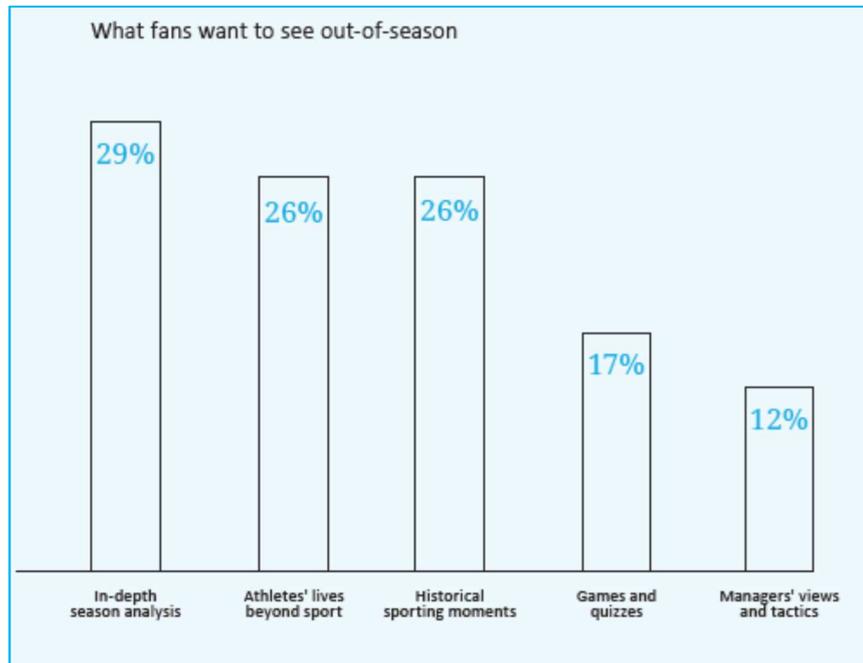


Figure 16 What fans want (source: Nielsen)

Ample market data suggests how much millennials prioritize live experiences over physical products and indicates that they are spending more time and money on them.

Millennials are also more likely to be drawn to live events when they are powered by recognizable content or brands from a favourite TV show, video game, sports team, magazine, author, or musical artist. One dominant reason is that live events are sharable experiences on social media, and play into user desires for recognition and influence.



Figure 17 Who are the millennials? Source: Daily Infographic

Media engagement :

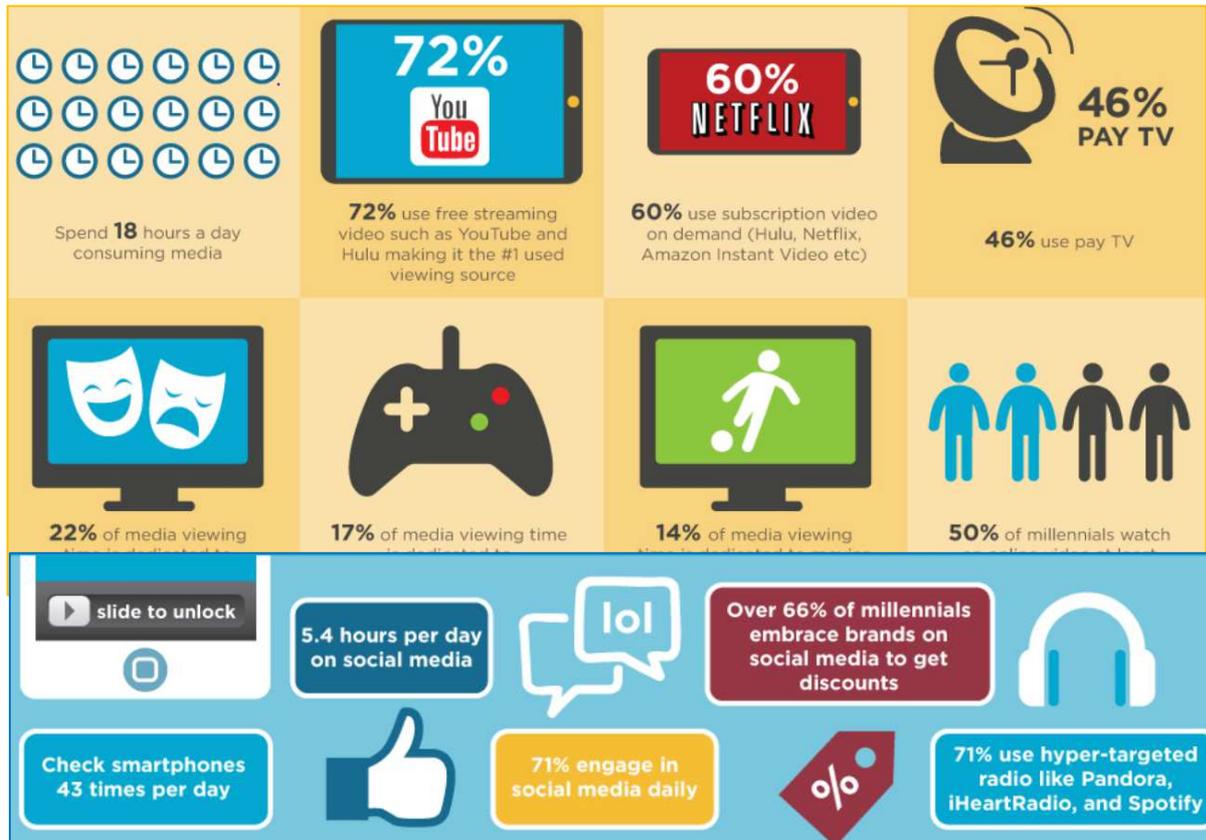


Figure 18 Media engagement - Source Daily infographic

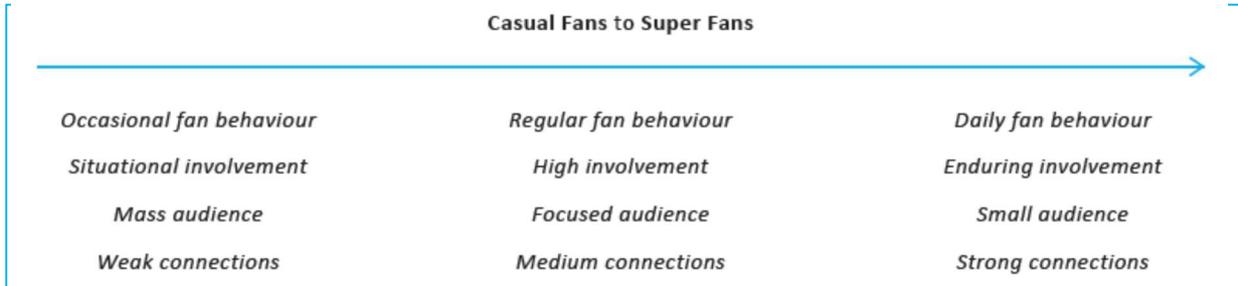


Figure 20 Social media and mobile engagement - Source: Daily Infographic

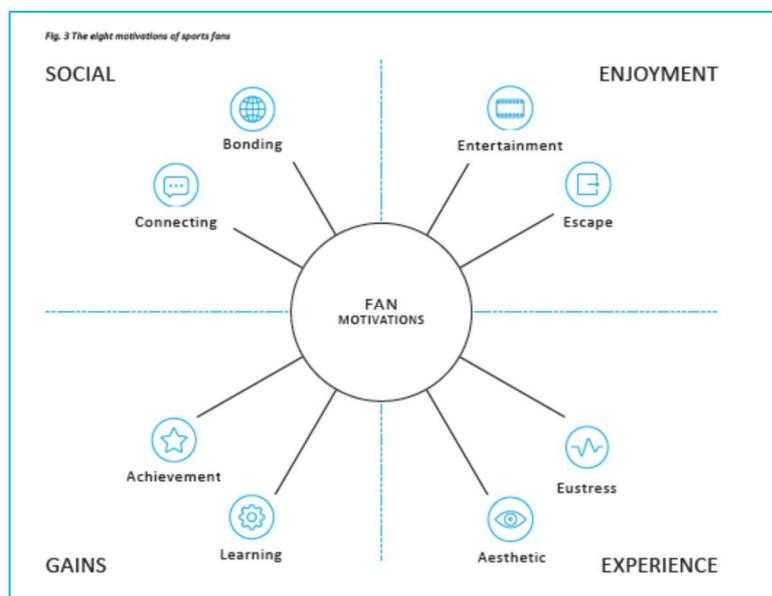
**The fan intensity spectrum** (source “The Future of Fans”)

Strongly connected fans are important because they are:

- More likely to attend games, participate, and consume sports media
- Willing to pay more for tickets and spend more on merchandise
- More likely to remain loyal over time

Weakly connected fans are important because they are:

- Potentially larger in terms of audience size
- Most likely there for the social or entertainment factor
- Likely to skim between sporting experiences



MOTIVE	EXPLANATION
ENTERTAINMENT	The enjoyment that comes from watching sports as a leisure activity
ESCAPE	The use of sports as a diversion from everyday stress or boredom.
EUSTRESS	The highs (and lows) fans experience as teams are winning (and losing).
AESTHETIC	The beauty of watching a highly skilled athlete perform.
LEARNING	The fan watching to learn from and be inspired by the participants.
ACHIEVEMENT	The feelings of vicarious achievement fans share when their team wins.
CONNECTING	The sense of belonging fans feel by being connected to a larger group.
BONDING	The use of sports to bond and spend quality time with family

Figure 21 Fan Motivations (source "The Future of Fans")

### Diverse and Inclusive

Fanbases are diversifying. As sports look beyond traditional demographics, they're becoming more accessible, inclusive and appealing to international fans, women, families. Sport is one of the most powerful forces in global culture. No other cultural property can move across languages and societies.

- **Women and families** can't be ignored when it comes to sponsorship. Female fans become equal to male, but 80% of sponsorships deals are for male-only sports.
- **Fans drive demand for more inclusive venues.** With fanbases becoming more diverse, sports and stadia will focus on inclusivity.
- **Sports invest more in 'newcomer media' to grow fanbases.** Sports will invest in new ways to build connections. Entertainment– built around star athletes and storytelling – will become the focus. This is about making sport accessible to casual fans.
- **Sports tourism is the fastest growing sector** in global travel according to the World Travel Organisation. As travel speeds increase and costs decrease, fans will take more weekend breaks and holidays to see sports.

- **Fans unable to travel will enjoy domestic fan zones** where stadium-like atmosphere is recreated. These fan zones will become more sophisticated and expensive. Meanwhile, online streaming and virtual reality will present big opportunities to expand audiences globally.

#### More active and influential

- **The rise of social media means they're becoming far more integrated in the action.** They're creating media, sharing opinions, voting on decisions, posting selfies on the jumbotron, and leveraging their collective power to demonstrate and express their passion in new ways.
- **Fan will be in charge of key decisions.** They can decide on everything from the players to the branding. They can even call the action in real time. This is just the start. 2017 have seen the launch of FANchise, the world's first fan-run professional sports team: <https://twitter.com/fanchise?lang=fr> <https://medium.com/project-fanchise/about>
- Fan will make their mark on success.
  - ▶ Formula E's FanBoost technology, which allows fans to literally boost a driver from their phone, is the cornerstone of **the sport's vision for turning fans into protagonists.**
  - ▶ **Platforms like MAKEACHAMP** are bringing crowdfunding to sports, and have already helped fans and sponsor invest \$2 million in promising athlete in just a few year. Created in 2014, it covers 52 countries and 94 sports.
  - ▶ Digital campaign like #ownthearch are allowing fans to compete with each others to "own the stadium". <https://twitter.com/hashtag/ownthearch>



## 2.4.4 3 emerging value chains

3 value chains (VC) have been identified and are analysed hereafter:

### 2.4.4.1 VC1: NEW FAN EXPERIENCES AT HOME

**VC1 New fan experiences at home**<sup>2</sup>, some days or weeks preceding or following the event in the stadium/arena (TV, Internet, AR/VR, etc.); and throughout the year to maintain fans' loyalty; at any time and everywhere.

**Targets:** TV Channels, Social Platforms, Brands and Media Agencies, Internet Tech Giants or related, Users.

#### 2.4.4.1.1 New fan's behaviour: new opportunities

Fans are now extending the experience outside of the live event when the game, the concert, and the 'season' (sports and festivals) have finished.

At the same time, **live sports have become almost 'unmissable'**. In genres like drama, around 30% of content is now time-shifted. **With sports, it's less than 7%.**

The day before a live event, fan consumption of sport-related videos increases 75%.

Consequently, the pre-and-post-event coverage will become an increasingly important part of the offering.

**A third of internet use is now mobile.** So it's unsurprising that Telcos and internet giants are investing in sports content and delivery. Mobile media helps fan 'escape' any time.

**Innovations in mobile-focused sports content will grow**, utilising emojis, live-streaming, short-form videos, highlights, notifications and more.

What a Sports fan want to see out-of-season (Source: *The Future of Sports Fan*)

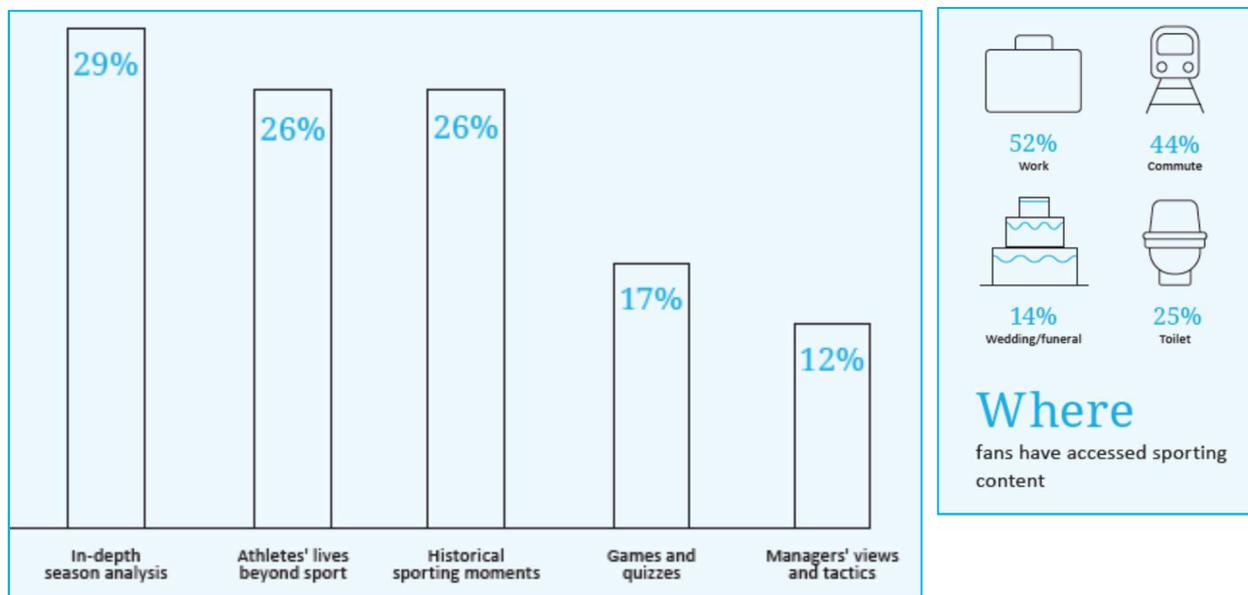


Figure 22 Source : *The Future of Sports Fan*

<sup>2</sup> 'AT HOME': here means all the media consumptions besides the arena and fan zone experiences, at any time and everywhere.

### 2.4.4.1.2 Augmented viewing

Fans are now expecting new opportunities to personalise the experience and reach deeper immersion.

It's a trend driven by two main advancements:

1. **developments in capturing live action** (e.g. new camera types or wearables that record player data),
2. **Developments in viewing technologies** (e.g. connected televisions, virtual reality and second-screens).

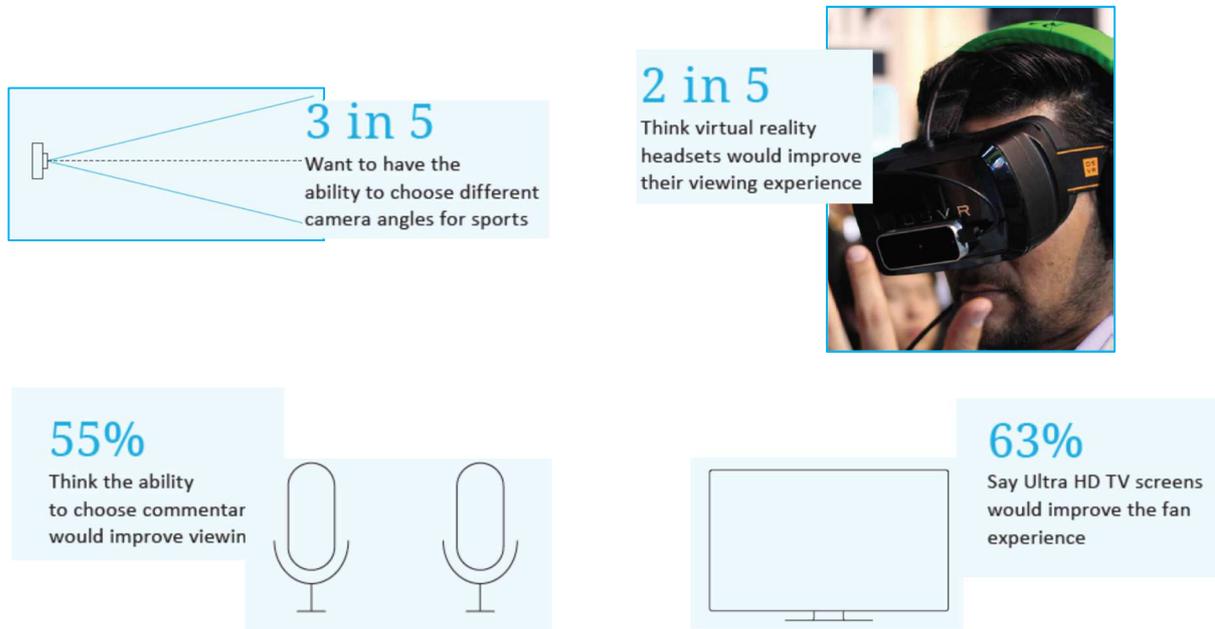


Figure 23 Source: The Future of Sports Fan

### 2.4.4.1.3 Innovations linked to “Connected televisions”

They will spur new ways to watch:

- ▶ Samsung with its Sports Live feature lets fans choose which stats they want to see
- ▶ Apple TV’s March Madness App allows fans to watch two sport on a slit screen.

<https://itunes.apple.com/us/app/ncaa-march-madness-live/id423246594?mt=8>

Examples of innovations on connected TV:

- ▶ See athlete’s heart in real-time
- ▶ Replay from a different angle in slow-mo
- ▶ Watch multiple feeds at once

**Evolution:** In few years, 65” OLED will be commonplace with 8K set to arrive by 2020. Immersive surround sound will bring stadium noise into the home.

### 2.4.4.1.4 Innovations in Live capitation proliferate.

- ▶ Cameras and mics for referees
- ▶ Embedded cameras (e.g. on-bike for cycling)
- ▶ Wearable cameras
- ▶ Drone cameras, with GPS and visual tracking (e.g.to follow an athlete)

### 2.4.4.1.5 Virtual reality

It allows people to switch between athlete, referee and fan. Goldman Sachs expects the VR market to be worth \$80 billion by 2025. Google, Microsoft, Samsung, HTC heavily invest in VR technology. Fox Sport

uses it for boxing; ATP World Tour for tennis uses LiveLikeVR to live stream court-side action to headsets. **But VR needs firms and brands can work with rights holders and broadcasters, and they could become more restrictive in the future.**

#### 2.4.4.1.6 Augmented reality

**AR** has had a number of recent use cases in live sports. Currently the technology is most often used to overlay information onto a playing area. Using skycam, during lulls in play the provider can project 3D 'pop ups' showing a snapshot of statistical data on players, score lines and match facts.



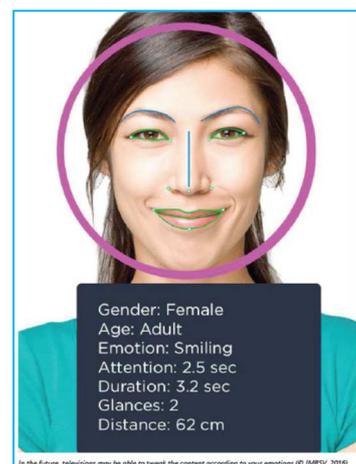
The next step in such technology, is to provide live updates and graphics in more innovative ways. AR will become a much greater feature in delivery of match facts and statistics, the provision of such information, particularly during breaks makes content far more engaging and encourage users to keep watching, rather than switch off. content will be developed to display on smart glasses, allowing users to view media directly, without needing a TV and, coupled with cognitive highlights, we could see short-form snappy products which are pleasing on the eye and exciting to view, **all created by AI.**

#### 2.4.4.1.7 Emotional and mood recognition technologies become part of experience:

My view will be different to your view. Innovations in media meshing will see channels like Facebook (through Stadium <https://www.facebook.com/watchstadium/>) and Snapchat (with its Live Stories <https://www.snapchat.com/live/>) become key parts of the viewing experience.

Media will adapt seamlessly to fans. In the future, televisions may be able to tweak the content according to your emotion. Face Recognition

- ▶ Crowd Analytics: to measure the quantity, gender, age and attention of faces in live video.
- ▶ Emotion Analysis: to recognize a full range of emotions and facial expression in video.
- ▶ IMRSV (camera): to gather continuous audience analytics, bringing online measurement to offline engagements.



In the future, televisions may be able to tweak the content according to your emotions (© IMRSV, 2016)

### 1. Predictive Analytics wins fans.

Sports audiences used to be an extremely easy audience to predict. Fans were generally segmented by geography and consumed content on television. However, the way people engage with sporting events, team and leagues is rapidly changing.

Marketers are required to link fans to brands when live events can be watched on a variety of different platforms from a variety of different devices. Predictive analytics enables to gain an insight into the modern day sports fan.

Brands tap into social media experiences to track fan's experience by examining social engagement, more specifically common social engagement. This information is scored to quantify the relationship between a social media user and a potential brand. It's this ability that allows brands to meet consumers.

Predictive analytics undoubtedly provides brands and marketers with a wealth of information about consumers and help brands to offer personalized experience.

Through machine learning algorithms, predictive analytics can address this hurdle by using and creating personalized content that appeals to customers at an individual level. For example, a fan can be segmented from others so that he or she only receive communications relevant to them.

The personalized content for a fan can be used to help brands market differently to consumers during seasons, off seasons, playoffs, championships, and big peak events.

e.g. **Global music services such as Spotify** show what is possible when fan insight capabilities are more fully realized. Spotify has a database of more than 100 million users, including 50 million paid subscribers, which provides information about any artist's listeners. Global music services such as Spotify show what is possible when fan insight capabilities are more fully realized. Spotify has a database of more than 100 million users, including 50 million paid subscribers, which provides information about any artist's listeners. The Spotify Fan Insights service enables artists to sort through listening data and to zero in on their heavy listeners and sharers (i.e., their fans) versus their more casual consumers. Then they can start building a more powerful fan base.

Development of these powerful insight capabilities does not happen overnight. Since 2014, Spotify has purchased three companies (the Echo Nest, Seed Scientific, and Preact) to bolster its analytics capabilities and help it better understand how casual users can morph into higher-value fans (subscribers).

#### 2.4.4.2 VC2: NEW FAN EXPERIENCES IN VENUE

VC2 New experiences in venue/stadium/arena

**Target:** Stadium Tenants, Sport Federations and Clubs, Brands and Media Agencies, Social Platforms, TV Channels, broadcasters, Users

Context: As of 2016, sponsorship spending on festivals and venues reached a total of \$1.47 billion dollars. Most of which went to experiential marketing such as interactive installations, VR and live-streaming. Brands are starting to see the value in exceeding fans' expectations by giving them access to the newest technology and exclusive experiences. In doing so, they are effectively associating their brand image with the priceless moments fans chase after.

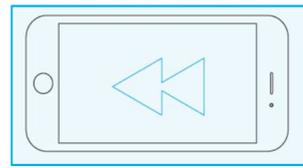
##### 2.4.4.2.1 fans demand unique venue experiences

As the at-home viewing experiences evolves, fans expectations about the Live venue will change.

- ▶ **Venues will focus on amplifying mass social experiences.** Atmosphere and energy are crucial parts of the Live experience
- ▶ **Live experience will be about memory-making.** Fans take more photos when they are in the stadium than at home. Consequently stadia are building staging areas for selfies. Technologies like Fancam (<https://www.fancam.com/>) are capturing super high resolution 360° pictures so the entire crowd can tag themselves. Memorabilia will involve, harnessing 3D printing and mass customization.

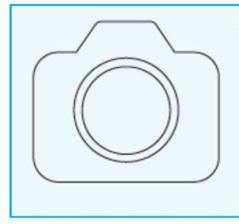
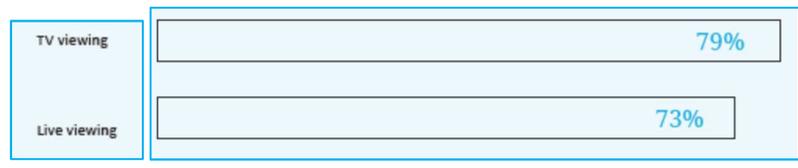
**Why do fans attend live sports?**

To experience the live game	80%
To show support for the team	75%
To see athletes perform	74%
To socialise	54%
For the pre/post-game entertainment	46%

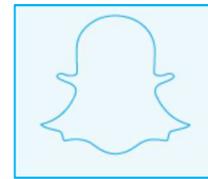


**75%**  
Have watched a replay on their phone at a live venue

**What proportion of fans are satisfied with the viewing experience?**



**2X**  
Fans are twice as likely to share photos from the stadium than at home



**3 in 4**  
Fans have posted to social media while watching live sports

Figure 24 Source: The Future of Fan Sports

**2.4.4.2.2 Key challenges for stadiums and entertainment venues**

For the first time in history, it is getting very hard for stadiums and entertainment venues to compete with the Digital Tech Giants (Supercompetitors).

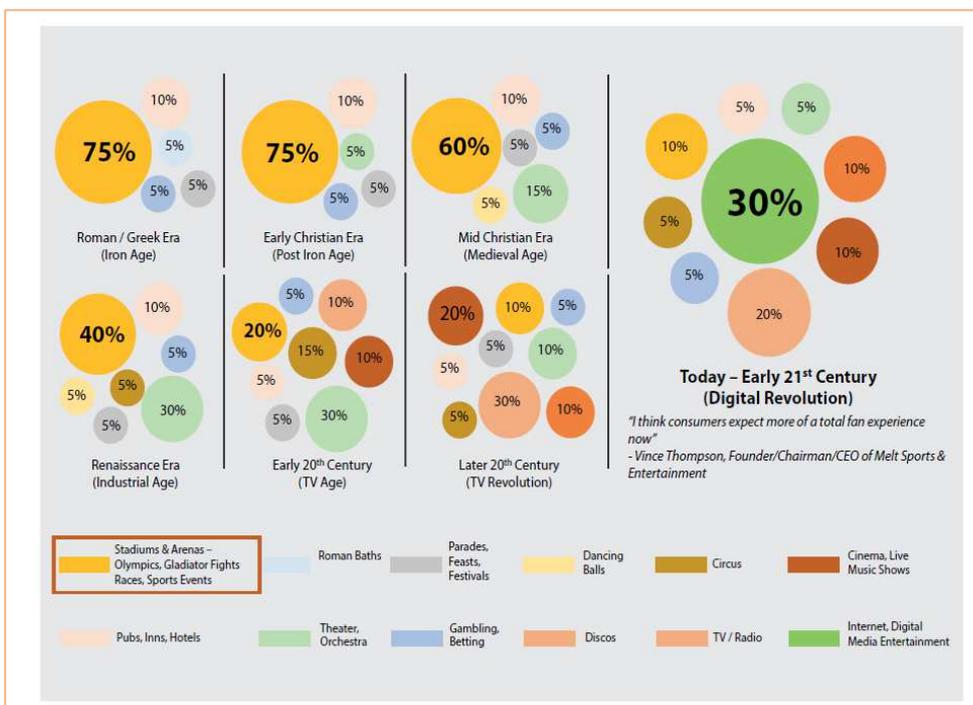


Figure 1: The historical evolution of large crowd-based entertainment preferences  
Figure 25 Source: Smart Connected Stadiums- Infosys 2018

Stadiums and venues face a big challenge: offer an unprecedented next generation tribal experience prompting millennials fans to leave the comfort of their homes and come to the stadiums.

To succeed, they must embrace new age technologies and strategies to create an environment that can physically and digitally engage fans, patrons, teams, sponsors, and players. They must consider all the challenges of their digitization transformation:



Figure 26 Source: Smart Connected Stadiums- Infosys 2018

Digitally empowered fans want to be connected during an event and enjoy media-rich experiences as well as social and contextual services delivered through smart services. **Consequently smart stadiums need smart solutions and pervasive connectivity.**

Many key players come together to create the total fan experience:



Figure 27 key players come together to create the total fan, experience - source PwC

To gain a competitive edge in this environment, stadium must integrate new services, forge dynamic partnerships and create innovative experiences for fans.

In the digital age, stadiums are evolving beyond physical venues, leveraging technology to expand their reach to global audiences or become self-contained entertainment ecosystems. Whether from a fan engagement or an eco-friendly (smart facility) perspective, more and more companies are developing ideas around ‘**Connected Stadiums.**’

### 2.4.4.2.3 Connected stadium

Stadium tenants, Sports federations and clubs, Live event producers have now to provide fans with a ‘**stadium experience**’, that refers to all the feelings and emotions felt in an arena during a match, a competition or a show. In the sport business, this the main key element of the fan experience.

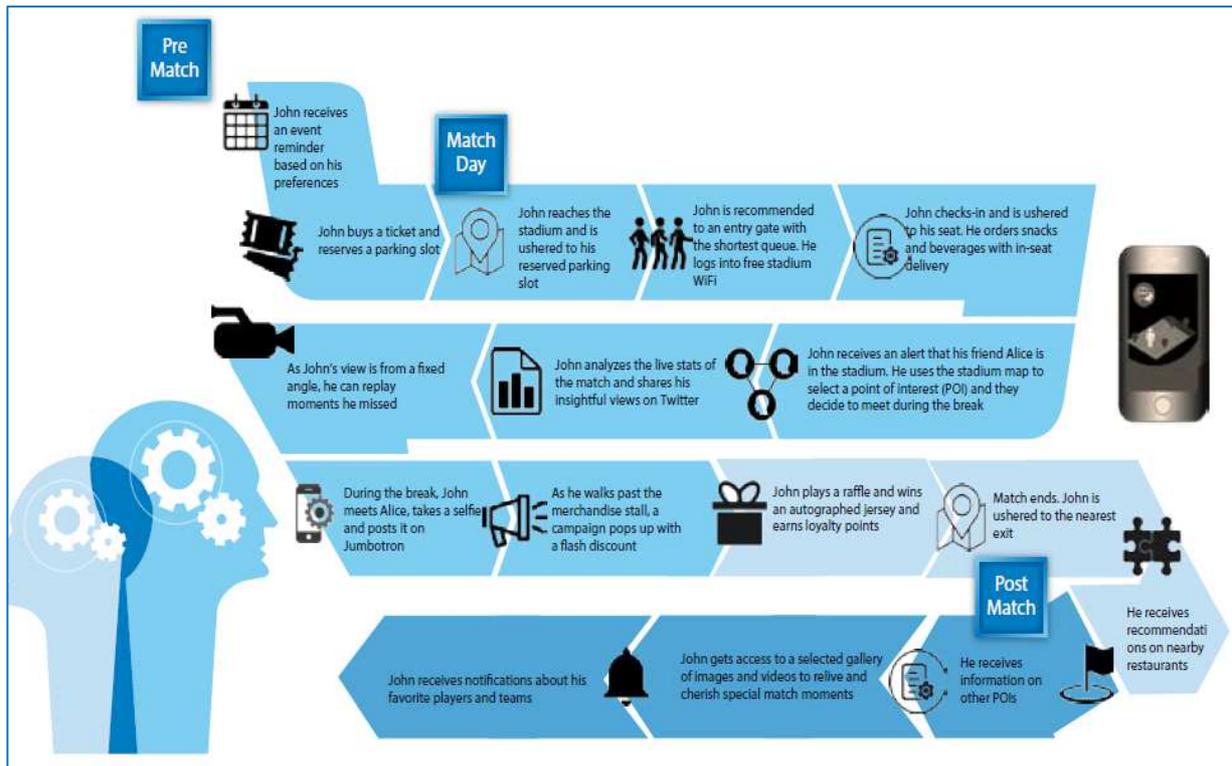


Figure 28 Source: Smart Connected Stadiums- Infosys 2018

This stadium experience often goes through a ‘**stadium application**’ that aims to enrich and promote the stadium experience and to develop the consumption of products and services by a fan or supporter (ticketing, catering, merchandising, etc.).

Main features that can be found within a stadium application are:

- Practical information related to access and services
- Order/delivery services instead or pre-order for catering
- Payment methods
- Diffusion of exclusive images (arrival stages, exit cloakroom)
- AV replays
- Matches and Data Analytics
- Ticketing services into the App Stadium
- In-App purchase possibilities in merchandising
- Integration of social wall
- Storage of the dematerialized ticket.

Cutting-edge stadiums now boast about their Wi-Fi's bandwidth, in some cases saying it gives fans in attendance access to Internet speeds matching or surpassing what they would experience at home. In the US, 70% of big Sports team now have an in-stadium WI-FI.

- ▶ e.g. One of the world's most connected arenas is the Levi's Stadium in San Francisco. \$1.3billion were invested; 400 miles of cables just for Wi-Fi. During the 2016 Super Bowl, 10 terabytes of data were transferred over the stadium's connection (equivalent of 6,000 hours of HD Videos).

Recent connected stadiums:

- Tottenham hotspur (<http://new-stadium.tottenhamhotspur.com/>)
- Borussia Dortmund
- Atlanta Falcons stadium (<http://mercedesbenzstadium.com/>)
- Beijing's Bird Nest ([https://www.designbuild-network.com/projects/national\\_stadium/](https://www.designbuild-network.com/projects/national_stadium/))
- Wembley Stadium (<http://www.wembleystadium.com/>)
- Brooklyn's Barclays Center (<https://www.barclayscenter.com/>), home to the Nets and first-rate musical artists playing New York.
- Levi's Stadium, California (<http://www.levisstadium.com/> )
- Quicken Loans Arena, Cleveland, Ohio (<https://www.theqarena.com/>)
- Orange Vélodrome, Marseille, France. (<http://www.orangevelodrome.com/en/le-stade/>)

#### 2.4.4.2.4 The stadium as a platform (source: Deloitte)

As demonstrated above, the industry is moving toward a new model in which **the stadium is a technological and commercial platform**.

**The concept of the stadium as a platform comprises three “layers” of infrastructure, resources, and activities** that work together to enable stadium operators and teams to create new experiences for all visitors, regardless of the event.

The transformative potential of a stadium platform, however, rests in opening the stadium and its hardware / software infrastructure up to developers, sponsors, and users to build upon. The result is a set of third-party experiences that complement what the team can deliver.

The 3 layers of the stadium technology ‘stack’:

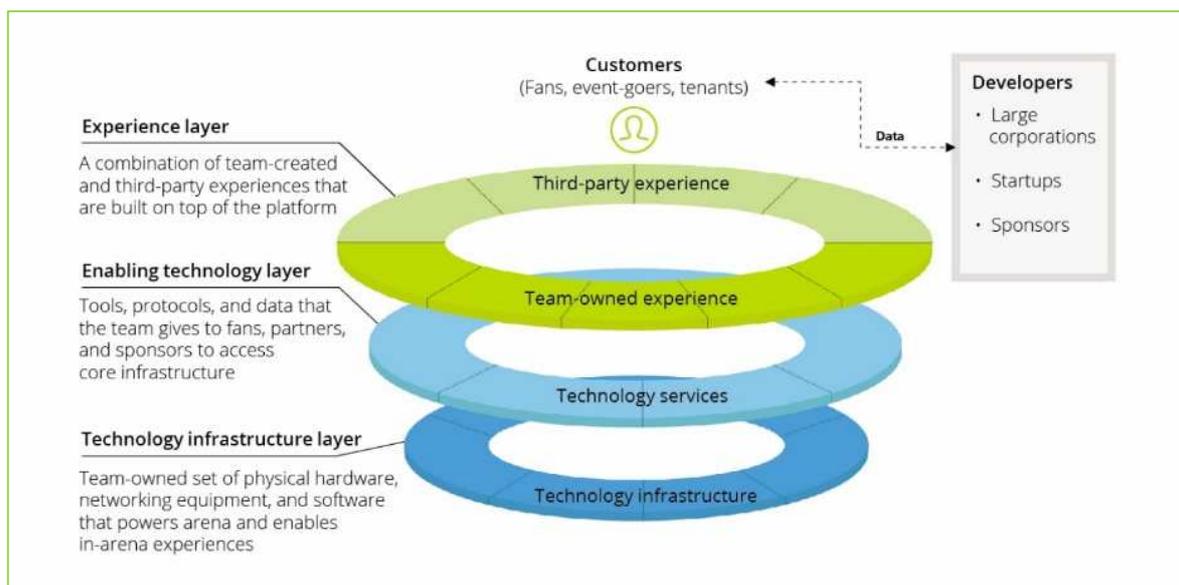


Figure 29 Source: Deloitte

#### 2.4.4.2.5 Future trends in venue

Now we all carry a mobile supercomputer in our pockets, so there are opportunities for renewing the viewing experience – from seeing different camera angles in your seat, to tracking the heart rate, speed and impact of players wearing smart clothing on the pitch.”

- ▶ **Holographic representation is the next big frontier.** The technology is already here. In its bid for the 2022 World Cup, **Japan** promised to record games in 360 degrees with 200 HD cameras a broadcast them around the world live in 3D, allowing players to appear in hundreds of stadiums simultaneously as holographic projections. Microphones embedded below the pitch would have recorded every ball kick, adding to the sense of realism.

- ▶ **Social Media Wall** Intending to always keep the customer experience at the forefront of business decisions, social media walls help brands maximize their digital initiatives through the installation of large-scale interactive engagement platforms that blend business objectives with social media benefits. Social media walls are the ultimate experience for on-site customers given it's visually engaging and interactive, providing a wide breadth of sensory experiences to promote a brand. Smart forward-thinking companies are using social media to build strong, lasting relationships with their consumers to convert them into brand champions.



Statistics show that 50% of customers are likely to buy products/services from companies they connect with via social media and 56% of customers who do use social media to connect feel a stronger connection with these organizations. By bringing social to the forefront of customer interactions with interactive engagement from behind the screen into an in-person experience encourages fans to Tweet, Instagram, Facebook etc. their experiences. The American football in the US is now leading the way in developing next generation venues.

- E.g. **The Avaya Stadium** (a soccer stadium in San Jose, California) Fan Engagement Wall. Intending to always keep the customer experience at the forefront of business decisions, the fan engagement wall maximizes Avaya's 'playing field' by blending business objectives with social media benefits and showcases stats, growth trends, aggregate social feeds, and real-time data game day.
  - E.g. **The new \$1.6bn Atlanta Falcons Stadium** features the world's first 360-degree video wall, and it was even going to include vibrating seats.
- ▶ **Drones** will become a ubiquitous feature. A Lady Gaga halftime show featured an army of 300 dancing drones, ducking and dodging over the Houston skyline. (cf. <https://www.wired.com/2017/02/lady-gaga-halftime-show-drones/>). The technology is based on the Intel Shooting Star drone system. The company's Shooting Star Drone Squad last year synchronized 500 drones in Sydney.

- ▶ **Immersive domes**  
A pioneer in the field of creating immersive, SAT (Société des Arts et Technologies-Montréal) inaugurated the Satosphere in October 2011. It was the first permanent modular immersive theater dedicated to artistic creation and viewing activities. This dome 18 meters in diameter and 11.5 to 13m in height, forms a spherical projection screen 360 degrees and up to 350 spectators.

Nowadays, CELESTIAL DOME, the World's Largest Projection Dome Venue has 200-Foot size (61-Meter) with Full Dome 360 Video Projection and can host 5.000 guests.



Dome party (Satosphère)

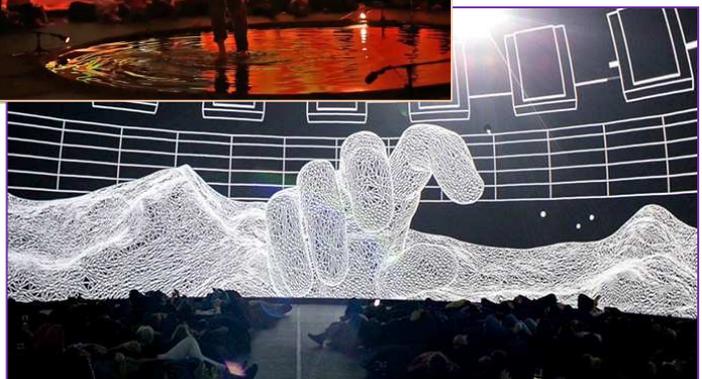


Figure 30 Artistic performances (Satosphère)

Immersive domes are more and more used in fan zones (see VC 3 hereafter).

### 2.4.4.3 VC3: NEW FAN EXPERIENCES IN FAN ZONES

Stadiums and venues face a lot of competition. Fans and visitors nowadays are paying for an ‘experience’. They want the whole package and what venues deliver at every stage of the process will impact on the perceived value of their proposition. In short – CX (Customer Experience) could be the difference between achieving healthy ticket sales and successfully encouraging return visits, and losing out.

The key to success with CX is to provide a smooth, well thought through experience for fans, while finding ways to provide added value – which is where fan zones come in.



Figure 31 Fan zone EURO 2016 - 1.399.300 sq ft – 92.000 guests

▶ Key elements that are commonly found in a fan zone:

- Stage area for live performances
- Food and refreshments
- Children-friendly games and activities

- Large screens
- Seating areas
- Shop units
- Shirt printing
- Programme sales
- Meet the team areas for guest appearances
- Lost child kiosk
- Experiential activities (such as social wall)

- ▶ The new fan's need for immersive, wow-factor entertainment gives brands, venues, stadiums, teams, media partner, etc., a fantastic opportunity of new revenue streams.



Figure 32 Football wall (Source: Scarlett Entertainment)

Fan zones become more and more **interactive** (social walls, photo walls), augmented (e.g. large screens featuring data analytics on a Sport event), **immersive** (e.g. football wall). Everything is designed inside the fan zone to differentiate the experience from the "at home" experience.

- ▶ The fan must feel that he lives a unique moment as if it was part of a very private club, notably through exclusive content (athlete or star interviews or special reports, etc.).

- ▶ Immersive domes

Fan zones become increasingly **immersive and sensory environments**. **Immersive domes** allow to create an exciting and sensory atmosphere that's easy to change. They can feature video mapping and/or VR experiences.



Figure 33 (Source: Scarlett Entertainment)

## 2.4.5 The crucial role of OTT services

\*Definition: 'An over-the-top (OTT) application is any app or service that provides a product over the Internet and bypasses traditional distribution. Services that come over the top are most typically related to media and communication and are generally, if not always, lower in cost than the traditional method of delivery.' (Source: Technopedia)

- ▶ What is at stake?

In digital era, content owners and right holders must deliver live and on -demand over-the-top video content in any video format (HD, Ultra HD, HDR, etc.) and on any device, and must impress the viewer with broadcast-quality streaming and engaging content.

**The opportunity for rights owners to reach new audiences via IP-delivered content has never been greater.** To achieve this, they must establish partnerships with technology providers who can deliver high quality video content, combined with market-leading technology stacks and delivery infrastructure.

Successful OTT services will need to deliver live and on-demand video content at scale and reliably, across multiple devices and geographies. They also need to distribute high-resolution live feeds with minimal delay and maximum uptime, but also ensure that feeds adhere to the necessary rights policies across territories and devices.



Figure 34 (Source : NeuLion White Paper-December 2017)

▶ Scalability, monetisation and rights management

**The higher the price of rights**, the more important OTT services are to effectively monetize content. Traditional broadcasters have to rethink their business models, especially since **the Internet giants have become rights holders** with high expertise in using data and analytics to better engage and extract value from their users via advertising.

**As every consumer is different**, a scalability in monetisation is needed. Offerings must now include premium subscriptions, menus of tiered services and options to pay for a single event pass.

**The rights management is critical.** Providers must ensure content is delivered only to the users that have the right to view, based on their subscription package, device and location. This means building a technology solution that can readily implement policy rules that are strictly based on audience and event information.

▶ Personalization: the future challenge for right owners and OTT services

The new expectations of fans (mobility, real time, no latency, etc.), the proliferation of digital devices (and therefore video formats) and the requirements of new advertising formats (ad insertions, etc.) made the delivery of live and on-demand video content increasingly complex.

In this context, OTT services play a crucial role in meeting two major challenges:

1. **Current challenge:** provide OTT services that allow right holders to adapt to changing market conditions, new device categories, new video formats, with more agility, speed and profitability.
2. **Future challenge:** provide services that allow each to create their own personalized over-the-top experience with right owners' libraries of live and on-demand content.

▶ New fans' expectations: New OTT services needed

New sports OTT services need to take into account that fans have enjoyed decades of high quality content delivered over broadcast channels. They are accustomed to high-resolution, reliable and low-latency feeds, and expect the same level of service over IP on their TV or mobile device, that means:

- Seamless integration between devices as fans move between screens
- Personalization services to drive changes in the content offerings
- Interactive features to create a robust 'lean in' experience
- Try and buy offers from OTT service providers
- Social Media Integration

- Content packaging flexibility

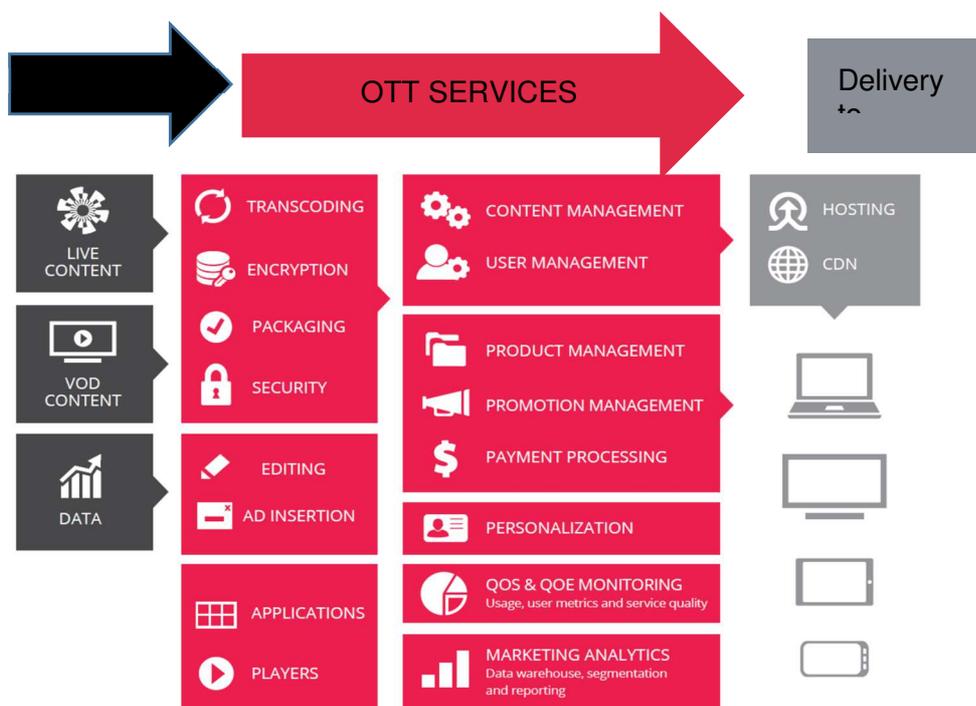


Figure 35 (Source : NeuLion White Paper)

## 2.4.6 E-sport and new digital niche sports

### 2.4.6.1 Millennial fans pioneer new digital niche sports

E-sports? Extreme Frisbee? Space diving? Niche sports are growing faster than ever, with their own specific cultures and rules, often facilitated by online connectivity.

For those born in the digital age, the internet has broadened their opportunity to explore niche sports. Today, any kid with a camera can popularise a new hobby – just look at the rise of e-sports or ultimate Frisbee.

New sporting cultures flourish online; amassing billions of views.

At the centre of this trend is **the media brand Whistle Sports**. The start-up launched in 2014, and to date has more than 450 million subscribers, followers and fans across its 2000 channels and social media accounts. Whistle Sports claims to have clocked more than 1.7 billion video views last month alone<sup>3</sup>.

Some examples of niche sports:

- Roborace is the World’s first driverless race.<sup>4</sup>
- At Cybathlon, augmented athletes are pushing the boundaries.<sup>5</sup>
- Quidditch (cf. Harry Potter’s fans), now recognised as an England national sport. Around 100,000 people are already playing Quidditch.<sup>6</sup>

### 2.4.6.2 e-sport

- ▶ Overview

<sup>3</sup> <https://variety.com/2018/digital/news/whistle-sports-series-d-1202853022/>

<sup>4</sup> <https://www.youtube.com/channel/UCDThZNmxhmEOfp0sm7HtFvw>

<sup>5</sup> <http://www.cybathlon.ethz.ch/>

<sup>6</sup> <https://www.youtube.com/watch?v=GPnnc1Dfm0>

E-sport could become the biggest sport in the world. The esports sector offers a wealth of opportunity for stakeholders across the entertainment sphere and for brands across the world.



E-sports has emerged as a force on the entertainment and media landscape slowly — and all at once. Over the past decade or so, gaming innovations, the spread of broadband Internet, and changing consumer habits have seen gaming morph into a vibrant and viable industry of its own.

Figure 36 Source: Nielsen's Esports Playbook

- ▶ In the past few years, e-sports has levelled up toward professionalization.
- **Video gamers** are engaged in season-long, rules-based competitions and championship tournaments. E-sports leagues are forming around professional franchises, teams, and players, and aligning with brand-name video game titles such as LoL, as well as the NBA and FIFA, the international soccer federation.
- **Team owners** believe their investment in e-sports will entice a new generation of fans who will attend an additional slate of games at their arenas; watch teams play, at home and away, on TV or online; and buy merchandise
- **Traditional TV channels** are deeply involved in e-sport, like ESPN<sup>7</sup> or Sky Sports<sup>8</sup>. FIFA has created The FIFA interactive World Cup<sup>9</sup>.
- ▶ Main titles

According to [esportsearnings.com](http://esportsearnings.com), in 2017, the most popular e-sports titles, after LoL, were Call of Duty, Defence of the Ancients 2 (popularly known as Dota 2), Overwatch, and StarCraft — all in the **MOBA** genre.

**Definition** (source: Bob Woods): 'MOBAs are real-time strategy games, with human players assuming virtual characters, each armed and possessing abilities accumulated during intense battles. Opponents attack one another's bases, looking: to blast their enemies and their home bases into cyber oblivion.' During typical tournament play, five-person teams of gamers, donning headsets and sitting in front of PC keyboards and monitors, compete head-to-head, with play-by-play "casters" calling the live action. Fans, in attendance or online, listen in as teammates continuously communicate with one another, and chat with the players as well. Separately, on social media, star players stream on Twitch and interact with fans. There are also apps that let people create chat rooms where teams or players interact.

Several publicly traded companies develop and publish e-sports titles and other video games. The largest is Tencent Holdings (China), whose **Riot Games** division is behind LoL. Activision Blizzard owns **Call of Duty, Overwatch, and StarCraft**. Take-Two Interactive publishes **Grand Theft Auto** and the basketball title **NBA 2K**. Electronic Arts, founded in 1982, has thrived with annually updated sports titles, including **Madden NFL** and **FIFA**, both of which are entering the e-sports arena.

- ▶ Examples of Flagships companies

<sup>7</sup> <http://www.espn.com/esports/>

<sup>8</sup> <http://www.skysports.com/esports>

<sup>9</sup> <https://fr.fifa.com/fifaeworldcup/index.html>

- Founded in 2000, **ESL** is the world’s largest esports company. It operates leagues and tournaments – from stadium-size events to grassroots amateur contests – around the world. It is also active in gaming technology, event management, advertising and television production.
- **Twitch** is a video streaming platform launched in 2011. The company is an Amazon subsidiary. In January 2018, Twitch featured 140 million monthly unique viewers, 15 million daily active users and 2.2 million broadcasters monthly (Source: <https://expandedramblings.com/index.php/twitch-stats/>).



▶ Market size

According to the ‘PwC Global Entertainment & Media Outlook 2018–2022’, total e-sports revenues across 20 countries — comprising sponsorships, media rights, streaming advertising, the consumer contribution to prize pots, and ticket sales — was estimated **at \$620 million in 2017**, up 43.7 percent from \$432 million in 2016. That total is forecast to reach **\$1.6 billion in 2022**, rising at a 20.6 percent compound annual growth rate (see “E-Sports Reach Critical Mass”). Newzoo (an Amsterdam-based market research firm) estimates that the worldwide **e-sports viewing audience grew in 2017 to 385 million**, up nearly 20 percent from 326 million in 2016, and has a projected fan base of nearly **900 million by 2020**.

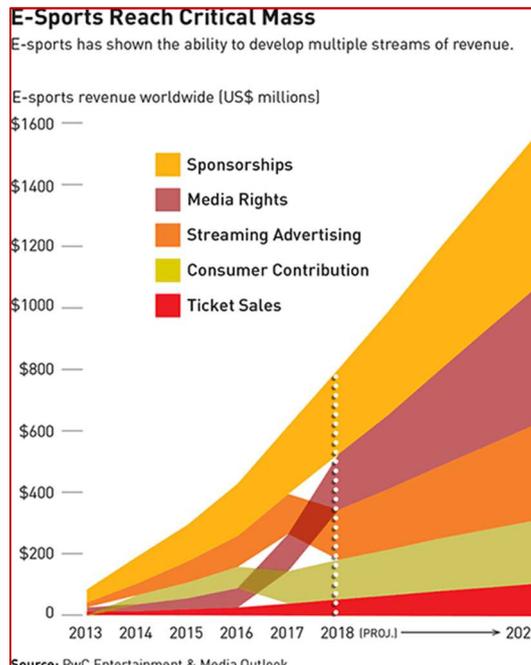


Figure 37 Source: PwC Entertainment & Media Outlook

- ▶ **Investment:** Not surprisingly, there are millions of venture capital dollars in e-sports, too. Last November, VentureBeat tallied “388 VCs, angels, accelerators, or companies (strategics) that had invested in esports start-ups.”
- ▶ In the Western zone, the four major Western markets are U.S., U.K., France, and Germany.

▶ E-Sport venues

**The next leap in legitimizing esports has been the development of physical infrastructure for events.** A lot of fans are already attending e-sports but mostly online. Building venues for gaming is a way to make a deeper consumer connection that engenders loyalty in local communities, fuels another layer of intercity sports rivalries, and provides a new platform for sponsorship and advertising.

- **Allied Esports**, a network of e-sports content producers and properties, has redone the Luxor Hotel and Casino nightclub in Las Vegas to create the **Esports Arena**, the Strip’s first such dedicated venue, which opened in March 2018.
- A French start-up, **Meltdown**, has sold franchises for **e-sports bars** in Europe and Canada, and has plans to expand into the United States.

▶ Marketing

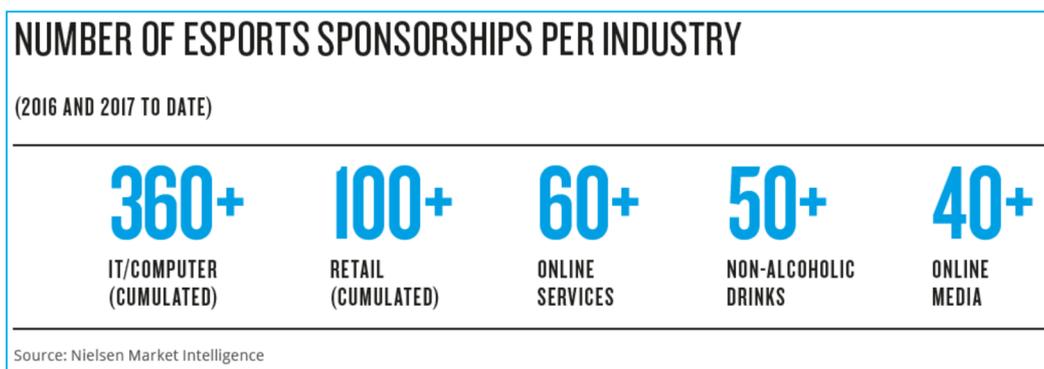


Figure 38 Source: Nielsen Market intelligence

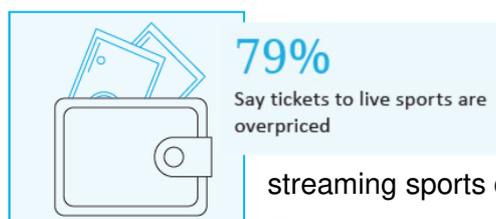
- Selling ads and striking sponsorship deals makes perfect sense for video game publishers seeking revenues beyond sales of their titles. More than **600 e-sports sponsorship deals** have been sealed since the beginning of 2016, highlighted by such names as **Coca-Cola, Intel, Bud Light, and Mercedes-Benz**.
- “This year, the biggest revenue stream in e-sports, about **\$360 million**, will come from sponsorships,” says Jurre Pannekeet, a senior market analyst at Newzoo. Advertising will add another \$170 million. Investing marketing dollars on e-sports leagues, teams, tournaments, individual players, streaming services, and TV broadcasts remains much cheaper on a per-viewer basis than traditional sports, and offers a more cost-effective way to reach the millennial market and its attractive digital generation.
- There isn’t one single revenue channel that outshines the others but rather the compilation of sponsorship, advertising, media rights, ticket sales, merchandise, and B2C offerings.
- **Understanding the different sub-sectors of the industry is key to determining the right entry point** - and brand alignment - within esports. Just as there are soccer fans and individual clubs, esports fan should be subdivided into unique groups: fan of individual games, genres and teams to name a few.

▶ E-sports is becoming a medal sport

E-sports has been designated as a medal event for the 2022 Asian Games. There’s already talk of having e-sports included in the 2024 Summer Olympics in Paris.

## 2.4.7 Business models

- ▶ Being a fan will become a luxury.



The Sochi Winter Olympics costed Russia \$550 Billion. The Qatar will spend over four times that amount on the 2022 World Cup. Professional sports are becoming more expensive and elitist. As a result, everyday fans will have to spend more money just to stay connected. Fans are by passing expensive ticket prices by live-streaming sports directly on Periscope.

**Ticket price may become dynamic.** There will be a shift to dynamic and flexible ticketing that differ according to changing variables.

Pay inequality becomes a big issue.

**Luxury fans may become more prominent** (e.g. collaboration of Stella McCartney with Adidas).

- ▶ The Internet tech giants could be sports’ saviours.

Facebook and Amazon have deeply invested into sports content in 2017. Recently they have been joined by YouTube, Apple and China’s Tencent. They are still experimenting and searching for a business model. And so far there is no model in sight that is as lucrative for sports as pay-TV has been.

Other significant effects of disruption include consolidation among traditional media companies. Several large media companies are seeking greater scale in revenue, geographical and programming terms, partly in order to compete with the tech giants.

Traditional media broadcasters must remain diligent to the threat posed by the tech giants and drive scale, innovation and the most relevant content to acquire and retain customers.

- ▶ D2C\*: a new business model for rights owners, broadcasters and brands

\*D2C: “Direct2Consumer”

**Brands’ interest** in content-led sponsorships is one revenue avenue. And leading sports are packaging up their content in smart ways to deliver compelling D2C products.

**Rights owners and broadcasters** must navigate this period of change by clearly planning and evaluating their distribution options. Leading rights holders are experimenting with D2C and different combinations of rights packages to explore all the options available to them in the shifting media landscape. Broadcasters develop a direct relationship with customers (e.g. ESPN).

As well as creating new revenue streams and gathering consumer data that can be further leveraged, D2C products can be a credible threat for rights holders during media rights auctions.

- ▶ New entrants
- **Athletes and influencers** have become hugely important for reaching audiences on social and digital media platforms.
- The low barrier to entry for publishing on social media has created **a new generation of digitally native sports media**, often driven by young people producing content in a tone of voice familiar to their peers. Sports, brands and traditional media are increasingly partnering with these new players to create compelling new content formats.

▶ **From sponsorship to partnership**

As of 2016, sponsorship spending on festivals and venues reached a total of \$1.47 billion dollars. Most of which went to experiential marketing such as interactive installations, VR and live-streaming. Brands are starting to see the value in exceeding fans’ expectations by giving them access to the newest technology and exclusive experiences. In doing so, they are effectively associating their brand image with the priceless moments fans chase after.

In the new sponsorship paradigm, audience data, compelling content and connection to business objectives are the winning traits.

**Rights holders** must have a broader skill set than ever to succeed in today’s marketplace. Among other capabilities, they must:

- Understand brands’ marketing strategies, and be able to align their sponsorship offer with them
- Have deep, data-driven knowledge of their fanbase
- Be flexible to brands’ requirements for sponsorship assets
- Help partners produce standout content



Figure 39 Source: Nielsen

## 3 Scenarios showing the opportunities for the GCA clusters' SMEs:

### 3.1 VALUE CHAINS OPPORTUNITIES

3 value chains (VC) have been identified (see 2.4.4 3 emerging value chains):

1. VC1 New experiences start at home
2. VC2 New experiences within the venues/stadiums/arenas
3. VC3 New experiences within the fan zones

Analysing **VC1** ("At home"), there is nothing very specific for most of clusters companies that are familiar with transmedia content whether involved in production and creation, in technology or service. There are fewer business opportunities for companies because brands go through the advertising sales division of TV channels or big media agencies.

In **VC2** ("in Venues/stadiums/arenas"), on the other hand, there are more business opportunities because brands really want to create a "Waouh" effect and can address directly to highly innovative start-ups. Consortium's members can also work directly for the Sport federations and clubs that organize their sports events in the arenas or organizers of tours and shows always on the lookout for bluffing experiments.

It's also easier to package a "Venue" offer than "At home" where the decision makers are very diverse and scattered all along the value chain.

**VC3** ("in fan zones") is not so different from VC2 in the sense that both are pure "Live Experiences" oriented. People move to a place to get a unique experience they cannot get at home and share their emotions both in Live with other viewers and at the same time on social networks and then, enjoy exclusive content to the event. Technologies and OTT services involved in the process are the same as well. So, we can melt VC1 and VC2 in one and the same chain that can be resumed "At venue".

As a result, GCA will retain two value chains to explore business opportunities:

VC1 New experiences "At Home"

VC2 New experiences "In Venue"

- 1) VC1 New experiences "At Home"
- 2) VC2 New experiences "In Venue"

GCA Consortium's companies that could be involved in VC1 and VC2

Rights Holders: TV Channels, social platform, tech Giants, telcos. Consortium's flagships: RTBF, AB Group, Google, Orange, etc.

Producers and creators of content already highly versed in transmedia markets, able to use digital and traditional media to reinvent new formats for TV channels and social platforms, or for media agencies to design a "brand" experience adapted to targeted fan communities and customizable ("My Fan Experience").

Three of the clusters involved in GCA (TWIST, Media Evolution and Pole Media Grand Paris have already been positioned on transmedia for many years (EU Region of Knowledge project "Eurotransmedia", 2013-2016). Transmedia Bayern is a recent cluster. So, its members are mostly positioned on the most digital content markets (interactivity, immersion, e-sports, etc.).

Consortium's flagships:

Developers of new technologies and applications that can offer interactivity, immersion, personalization, emotion, wonder: AR, VR, AI, Hologram, Drone, facial recognition, emotive technologies, etc. The consortium's companies have a deep experience in interactive and immersive technologies and applications. They are used to work for TV channels, social platforms or directly with a brand.

OTT services providers (streaming, content management, data analytics, monetisation, etc.): a lot of consortium's start-ups are involved in these smart services.

Technical companies specialized in shooting and captation devices, in R&D in cameras and optics. Consortium's flagships: AMP Visual TV, Euromedia, Panavision, TSF, etc.

Technical companies involved in broadcasting and connected arenas engineering.

Consortium's flagships: EVS, BCE

Content creators, technology and application developers involved in e-sport

Academics and training companies involved in creation and technology in Sport and Live Entertainment.

## CROSS SECTORAL APPROACH

Opportunities of Cross-sectoral approach in GCA project's VC1 ("At Home"):

Video game, museography, well-being, silver economy,

Opportunities of Cross-sectoral approach in GCA project's VC2 ("In Venue"):

Textile (wearables), e-commerce, retail, food service, leisure, tourism, smart city, transport.

Opportunities of cross-collaborations with other ESCP-4i to be explored:

**Strand 1:** Sentinel, PIMAP Partnership, PERES, MAGIA, DISCp

**Strand 2:** ESCT Go Global, EU Textile 2030, Laser Go Global, MobiGoin Action (Media Evolution is involved in this project).

**Other:** EU4Sport

## 3.2 THREE KEY POINTS ISSUED FROM GCA CONSORTIUM'S DATA COLLECTS:

### 3.2.1 The entity "cluster" is not seen as the support structure for internationalization

The results of the survey and the round tables compiled in document 2. "Common results", are very perfectly in line with the analysis of the European Cluster Internationalization and Mega Trends study. The creative industries (CI) appeared to be very eager to go international but in fact few companies reach international markets.

As a result, few clusters in the creative industries have put in place a range of services to support the internationalization of their members because this requires a large budget and a constant interest of the companies for a country or a market, which is rarely the case. However, Clusters are helpful in understanding the company's needs, identifying opportunities, mobilizing and catalysing the company's international activities.

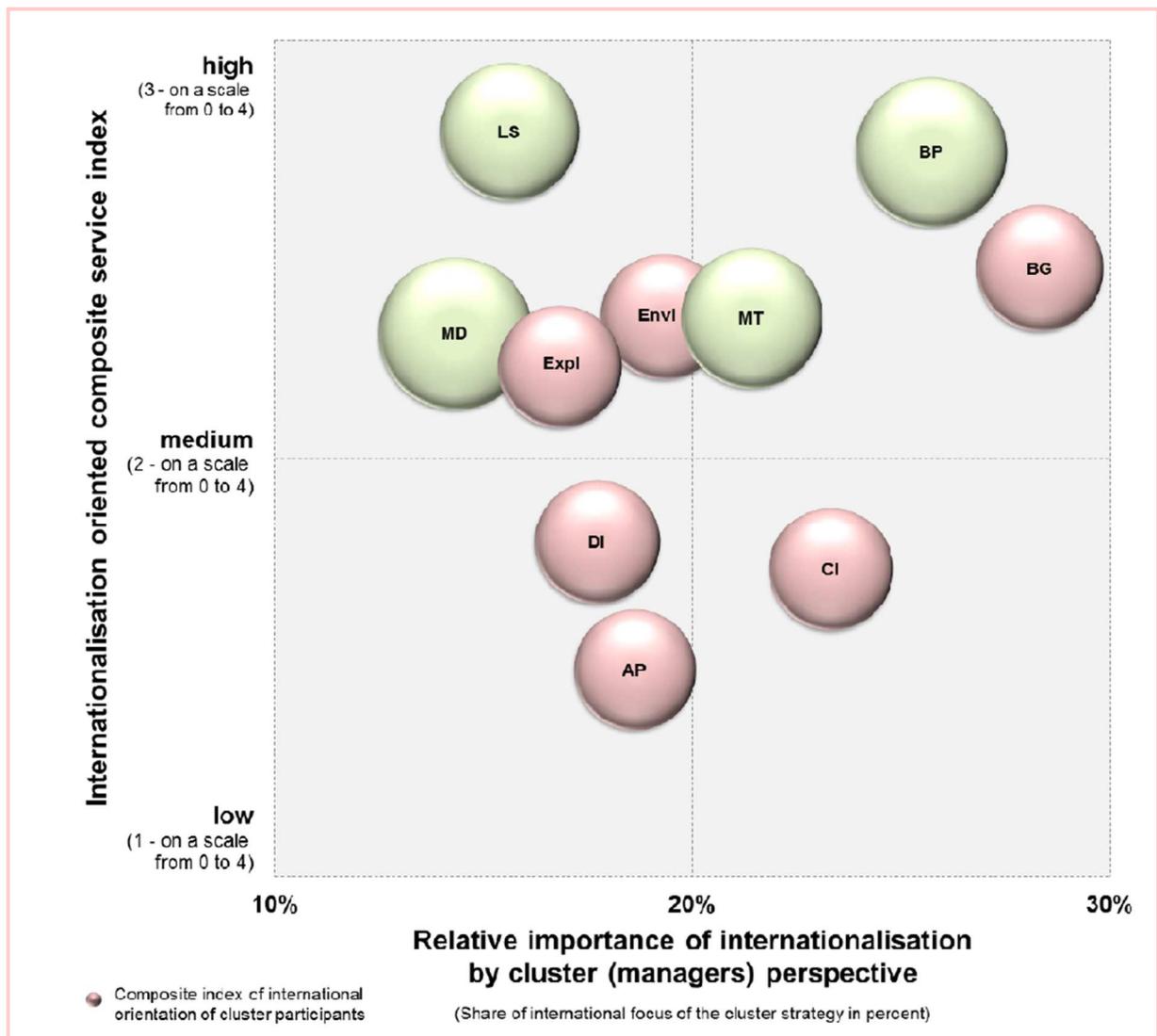


Figure 40 EU clusters in the Emerging Industries Source: VDI/VDE-IT

The “cluster” organization is not identified by its members as the potential structure able to accompany their internationalization. This is a first difficulty that must be put at the top of the agenda in the internationalization plan.

### 3.2.2 Difficulty to mobilize small and under-staffed companies (80% of GCA Consortium)

Second difficulty encountered during the survey and round tables: the difficulty to mobilize small businesses that are under-staffed and that constantly keep nose to the grindstone. Above all, European projects seem to them to be tailored for large companies, and require too much human resources for a small company.

So it's crucial for GCA Consortium to maintain the momentum created during the first 6 months of the project to continue the bottom-up approach initiated with first involved companies **by communicating very regularly on the results of the project.**

**Specific actions must be planned** to target markets or niches together, to collect SME's experiences in the targeted countries, put this experience in perspective with the various studies published on the markets and countries targeted, and finally share this expertise.

Tailor activities (e.g. study visits and matchmaking) and services (e.g. pitch training and information on institutional frameworks in other countries) to areas/ themes that are of interest to SMEs. This helps both to mobilize SMEs in international activities and provide them with concrete quick results.

This is the second item to take into account: build a bottom-up co-construction approach to maintain the interest, the mobilization and the contribution of GCA consortium's members in the internationalization plan.

### 3.2.3 GCA consortium members lack of time, money, human resources and specific skills

Cluster firms involved in GCA consortium are very few to have developed an internationalization strategy. It is rather the result of opportunities that occurred most of the time when they attended a trade show abroad. Obstacles to internationalisation are common :

- insufficient firm's resources to finance exports
- difficulties in detecting opportunities for activities abroad
- insufficient information to locate / analyse markets
- inability to contact potential clients abroad
- difficulties in ensuring reliable representation abroad
- lack of time for leaders to deal with issues of internationalization
- lack of staff, or insufficiently trained staff

In summary, the GCA consortium companies lack time, money, human resources and mostly they do not have the specific skills to expand internationally. The internationalization plan must include actions aiming at overcoming these difficulties.

### 3.3 THE INTERNATIONALISATION OF CLUSTERS ORGANISATIONS

The internationalisation of cluster organisations produces benefits to the clusters 'affiliates, especially SMEs, and for the region and country in which the cluster is located.

For the cluster itself and SMEs:

- Access to Knowledge, to use in new products & services
- Access to new Markets
- Access to a wider customer base
- Access to key infrastructure (eg pilot plants, living labs, etc)
- Access to new international partners for collaboration
- To raise Profile
- To attract mobile Foreign Direct Investment
- Access to new international partners for staff exchanges

For the Region:

- Increased competitiveness and export performance by key businesses
- Increased access to potential investors
- Increased level of external funding utilised by the Region

More precisely, TACTICS Taskforce on Cluster Internationalisation recommends<sup>10</sup>:

- Developing strategies and competencies for working internationally
- Identifying partners and developing cooperative (and commercially valuable) relations internationally

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<sup>10</sup> « Cluster internationalisation » <http://www.innovationclusters.no/globalassets/filer/nic/verktoy-filer/cluster-internationalisation-handbook-2012.pdf>

- Financing international activities (particularly for SMEs)
- Agreeing on functional governance/decision-making structures in transnational settings

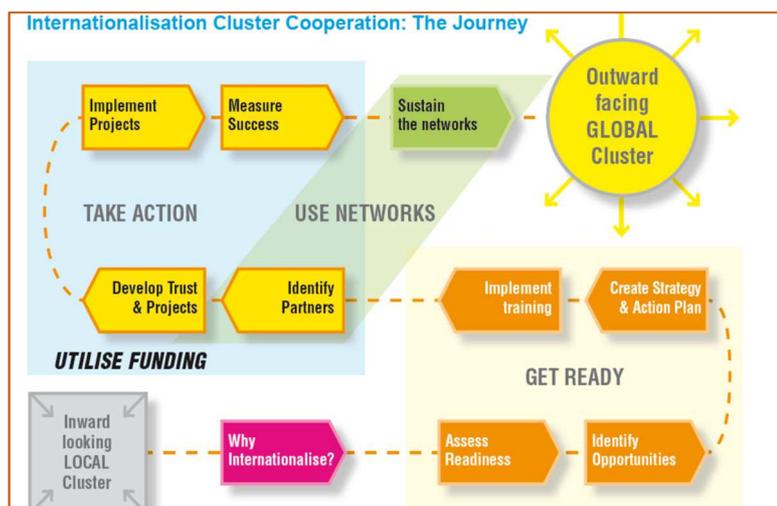


Figure 41: Source: TACTICS

### 3.4 MAIN RECOMMENDATIONS FOR GCA INTERNALISATION PLAN (D4.1)

1. Identify GCA meta-cluster as an internalisation support for SMEs consortium
2. Build a bottom-up approach that could maintain SMEs interest and contribution
3. Benchmark the foreign markets to target the most relevant countries or zones.
4. Define a cross sectoral strategy with other EU clusters active in cross border industry (see “GCA opportunities” in “Analysis of GCA Markets”) to find new opportunities of business or partnership (see the cross-cluster collaboration scheme in annexe)
5. Build a network of foreign public and private contacts and organisations
6. Help SMEs to strengthen the capital of companies (included investment approach) and access specific export funding
7. Reinforce SMEs internalisation skills (included Digital Transformation)
8. Help to reinforce competences and innovations on GCA Markets

### 3.5 ACTIONS THAT COULD BE INCLUDED IN GCA INTERNATIONALISATION PLAN

Regarding the internationalisation maturity of GCA consortium SMEs and the objectives to be achieved, the following actions may be considered:

- Create contacts, relationships, network building, matchmaking
- Internationalise the cluster value chain
- Empower the SME`s and help them use support services.
- Gathering business intelligence: Identify niches, hot spots, priority markets; identify targets for early market development; etc.
- Branding – Use the Cluster as a quality label
- Establish relations with the best knowledge providers (knowledge exchange)
- Cluster to cluster collaboration
- Pitch training
- Matchmaking – events

- Investment approach training

As the GCA industry sector is the media and communication sector, we would have a real opportunity in developing a brand and massively communicating on it to create regional SME buy-in and attract European and foreign partners and investors.

## 4 ANNEXES

### 4.1 CROSS CLUSTER COLLABORATION

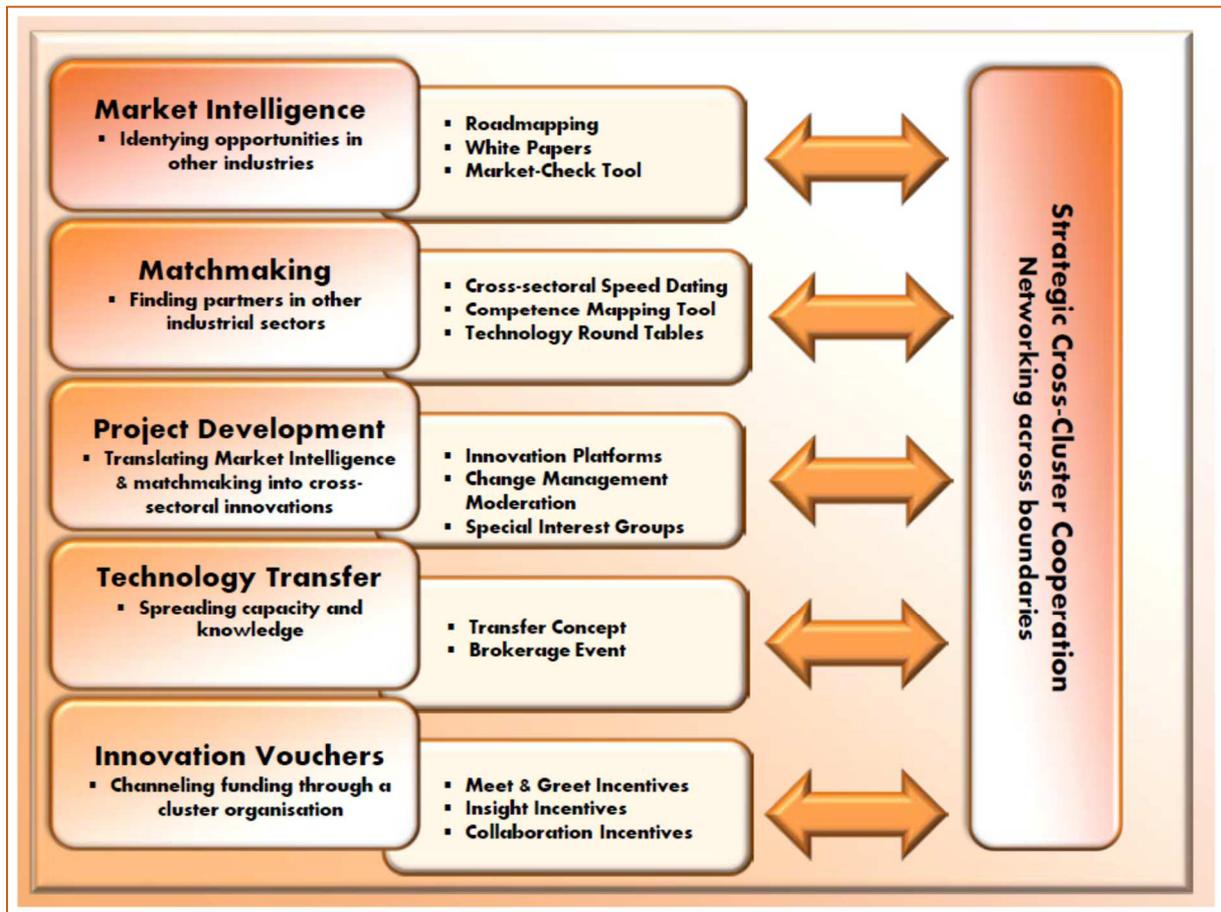


Figure 42 Source: Summary Report of Cluster Internationalisation and Global Mega Trends

## 4.2 EMPTY GCA INTERNATIONALIZATION TEMPLATE FOR THE DATA PER COUNTRY

### 4.2.1 International Data

Future sports technologies annual spend will reach \$3.4 billion by 2023, up from \$700 million in 2018 (spend on professional sports wearables, including hardware and subscription fees, as well as advertising spend and subscription revenues from eSports.)

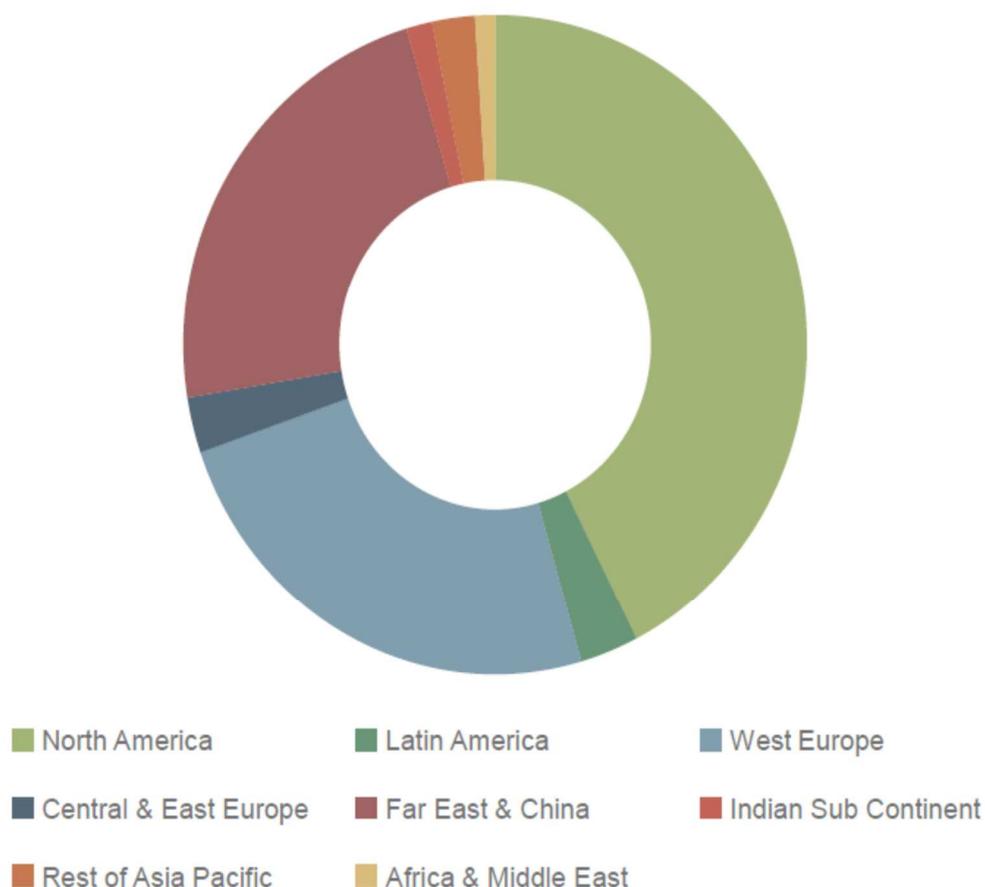


Figure 43 Total hardware - Source: Juniper's Sport forecast:

Across the period **North America will lead** in terms of spending, largely from the contributions made by the sale of professional sports wearables.

**Far East & China** currently has a well-established eSports market; strong growth across the forecast period means the region will lead ahead of North America and West Europe.

### 4.2.2 Collected data on targeted Countries/Regions

The list of the 3<sup>rd</sup> countries markets that the consortium could address is still large and includes North America, China, India, CIS, Turkey, Africa, and South America.

This list has been identify through the surveys, the round tables, and various interviews with experts and the researches made by the clusters representatives.

To narrow the scope and define the most promising 3<sup>rd</sup> country markets for the GCA project, the consortium will use the following template. This template using common criteria will make it easier to compare various country/region with regards to the GCA goals.

Proposed Region/ Country:

Criteria / Question	Answer	Comments
<b>1. General criteria</b>		
<p><b>1.1. Economic, policy, social threats:</b></p> <ul style="list-style-type: none"> <li>• Geopolitical uncertainty</li> <li>• over-regulation</li> <li>• populism</li> <li>• terrorism</li> <li>• protectionism</li> <li>• increasing tax burden</li> <li>• uncertain economic growth</li> </ul>		
<p><b>1.2. Export facilities</b></p> <ul style="list-style-type: none"> <li>• <b>Public or private Export organisations</b> that facilitate the export process: general information, training, facilities, etc. (e.g. Chambre of Commerce)</li> <li>• International Investment organisation (e.g. Invest Montréal)</li> <li>• <b>Export Financing:</b> private and public investors; grants; etc.</li> </ul>		
<p><b>1.3. Creative industries specific criteria</b></p> <p>Check the criteria specific to Creative industries that can have:</p> <p>1. Upstream effects:</p> <ul style="list-style-type: none"> <li>• Impact of social media</li> <li>• Immediate availability of products and services</li> <li>• Consumerisation, proliferation and ubiquity of IT</li> </ul> <p>2. Downstream effects:</p> <ul style="list-style-type: none"> <li>• Impact of social media</li> <li>• Personalisation of products and services</li> <li>• Changes in entrepreneurship culture</li> <li>• Shortening of life time cycles</li> </ul>		
<b>2. Criterial relating to value chains</b>		
<p><b>2.1 Primary requirements</b></p> <ul style="list-style-type: none"> <li>• <u>Equipment:</u> Main figures about connected televisions, mobile, VR headset, drones, etc.</li> <li>• <u>Media Consumption:</u> main figures figures for TV, social media, websites, smartphone apps, radio, newspaper</li> <li>• Fans:</li> </ul>		

<p><i>Strongly connected fans</i> are important because they are:</p> <ul style="list-style-type: none"> <li>- More likely to attend games and live events, participate, and consume sports or entertainment media</li> <li>- Willing to pay more for tickets and spend more on merchandise</li> <li>- More likely to remain loyal over time</li> </ul> <p><i>Weakly connected fans</i> are important because they are:</p> <ul style="list-style-type: none"> <li>- Potentially larger in terms of audience size</li> <li>- Most likely there for the social or entertainment factor</li> <li>- Likely to skim between sporting or entertaining experiences</li> <li>• Fanbases: <ul style="list-style-type: none"> <li>- Inclusive, integrating women and families</li> <li>- Self-Development of innovative initiatives</li> </ul> </li> <li>• <u>Sports</u>: most played or watched sports; niche sports;</li> <li>• <u>Live Entertainment</u>: internationally recognized music bands; huge festivals; etc.</li> <li>• <u>Clubs and leagues</u>: own offering that fans subscribe to; investment in 'newcomer media' to grow fanbases.</li> <li>• <u>Brands and media agencies</u>: Motivation and experiences to renew fan experience</li> <li>• <u>Connected arenas</u>: Own fan offerings in Sport and Entertainment</li> <li>• <u>Flagship firms and creators in GCA field</u>: activity, level of internationalisation, innovation, possibility of partnerships.</li> </ul>		
<p><b>VC1</b> New experiences start <b>at home</b>, some days or weeks preceding or following the event in the stadium or concert hall (TV, Internet, AR/VR, etc); new experiences to maintain fans consumption throughout the year.</p> <p><b>Target</b> : TV Channels, Social platform, advertisers, tech giants or related, Sports leagues and federations, users.</p> <p>Criteria:</p> <ul style="list-style-type: none"> <li>- Sports and Entertainment TV Channels and Social platform: offering towards fans in the time laps before, after or off-the-season; innovative experiences; interesting rights properties</li> <li>- Advertisers (brands and media agencies) on Sport and Entertainment TV channel and social Platform</li> <li>- Active prosument (producer and consumer; a word used by EU) fanbases.</li> </ul>	<ul style="list-style-type: none"> <li>• Fully in line with the targeted region</li> <li>• Partially in line with the targeted region</li> <li>• Not significant for the targeted region</li> </ul>	
<p><b>VC2</b> New experiences <b>on site</b>: within the stadium and/ or within the fan zones (Services, applications, etc.)</p>	<ul style="list-style-type: none"> <li>• Fully in line with the targeted region</li> <li>• Partially in line with the targeted region</li> </ul>	

<p><b>Target :</b> stadium owners, advertisers, Social Platforms, TV Channels, Sports leagues and federations, users, territorial authorities, advertisers</p> <p>Criteria:</p> <ul style="list-style-type: none"> <li>- Innovative organisation in renewing Live experience (e.g. Mutek)</li> <li>- Flagships firms in technology and service, creation, production</li> <li>- Innovative technologies involved</li> <li>- Active fanbases: self-initiatives</li> </ul> <p>- Territorial authorities that like to offer a fan experience to their citizens</p> <p>- Brands that are involved in sponsorships and want to reach fans through common values.</p> <p>- Stadium tenants who want to offer an exciting stadium experience for a premium price</p> <ul style="list-style-type: none"> <li>- Sports League and clubs that want to win the loyalty of huge communities of fans.</li> </ul>	<ul style="list-style-type: none"> <li>• Not significant for the targeted region</li> </ul>	
<b>3. Criteria crossing cluster's SWOT analysis, regional analysis and Country/Region access criteria</b>		
Main interest / Motivation of your cluster/members	Describe the main interest in this country/Region	
Level of complexity (barrier to access)	<p>Easy (No risk, direct connection to organisation are possible, English is spoken)</p> <p>Mean</p> <p>Difficult (need specific accompaniment)</p>	
Level of business maturity in the country (in the domain addressed by GCA)	<p>Lower than EU</p> <p>Same as EU</p> <p>Higher than EU</p>	
Availability of Market analysis (market opportunities in the GCA domains of interest)		
<p>Current active contacts (list)?</p> <p>If not, are they easy to reach?</p>		

### 4.3 CONSORTIUM MAPPING: GLOBAL SWOT ANALYSIS AND MAPPING

The final step of the regional analysis is the following compilation of the 4 regional analysis allowing a comparison between clusters:

Topic	Strengths	Weaknesses	Opportunities	Threats
<p>Current Activities and Prospective in Sport and Live Entertainment</p>	<ul style="list-style-type: none"> <li>o Each cluster covers the Value Chains explored in the GCA project. Many affiliated enterprises have developed a strong expertise, innovative services and tech in Sport/Live Entertainment &amp; Broadcast industry (AT-TV by EYECANDYLAB, multipalyer VR Gaming system by HOLOGATE, virtual Audience by VAUDIENCE, Live Quiz/videostreaming platform by HIGGS, Holograms by 4DMotion, Blumenlab, XXII, in VR, AR, etc.)</li> <li>Many affiliated enterprises develop OTT services to deliver Live and on-demand content (Platforms of services, applications, softwares)</li> <li>The clusters include large companies leaders in Sport and Live entertainment and event coverage (AMP Visual TV, Euromedia...) and in connected arenas in Europe (BCE, Orange, EVS, DELTTACAST)</li> <li>o GCA clusters are already developing projects in the field of GCA (Arena 4.0, Game Habitat, Human2Sport...) to develop national and international partnership and opportunities for instance with the organizations of hackathons on UX or B2B workshops</li> <li>o Creation of training for the new eSport market (for instance "Bachelor eSports Management" at the University for Applied Management HAM in Bavaria)</li> </ul>	<ul style="list-style-type: none"> <li>o Still an emerging field: Many of the cluster members are just entering the Sport market. Some of them are not "live entertainment focused" or have not considered yet the opportunities of this market</li> <li>o It could take time to identify bankable projects to support</li> <li>o Lack of financial resources of the affiliated SME dedicated to the international</li> <li>o Lack of staff (IT, Business development, lawyers) of SME'S of the clusters</li> </ul>	<ul style="list-style-type: none"> <li>o Big Live Entertainment and Sport events in the clusters Regions (The olympic games 2024 will take place in Paris in 2024, mainly on the PGMP territory)</li> <li>This environment allows to experiment in the viewers experiences: Big federations are already cooperating with broadcasters and Internet Giant with common R&amp;D projects.</li> <li>o GCA clusters are connected to other clusters involved in ESCP-4i (covering VC connected to our subject like MobiGoIn)</li> <li>o Global growth of immersive technologies and in particular in the live entertainment and sport sector incl. niche sports and e-sports. Development of contents for Live Sport and Live Entertainment: one of the future trends on this market</li> <li>VR/AR/MR technologies are very strong in the clusters Regions and are very demanded in international markets.</li> </ul>	<ul style="list-style-type: none"> <li>o Complexity of the ecosystem, especially the rightholders chain. Rights are more and more expensive which is a threat for the content producer and distributors</li> <li>o GCA clusters SME's are very small and need to adapt to be successful in their internationalisation process.</li> <li>o International competition</li> </ul>

<p>Internalization maturity</p>	<ul style="list-style-type: none"> <li>o Some of the affiliated enterprises are already set up in 3rd countries and could support and federate innovative start ups to create a global offer that would be easier to export (Cisco, Orange, ...).</li> <li>o French and German clusters could benefit from the high knowhow in exportation from Sweden and Belgium that have a small internal market</li> <li>o High tech strong expertise of the affiliated enterprises</li> <li>o Most of the affiliated SME's products are ready to market and/or already tested outside of their original region (in EU).</li> <li>o Large motivation and high expectations of the targeted affiliated members to go international</li> <li>o Most of the company leaders are now able to work in English and some in other languages.</li> </ul>	<ul style="list-style-type: none"> <li>o Difficulties to investigate the targeted markets and find the right contacts</li> <li>o Many young and inexperienced SMEs in internationalization and upscaling their business.</li> <li>o Lack of local foreign networks</li> <li>o Lack of financial resources dedicated to the internationalization strategy</li> <li>o Lack of dedicated human resources and/or of mutualized human resources</li> <li>o Prospecting customers requires skilled salesmen/evangelists / investment to support several countries (development)</li> <li>o Complicated to investigate markets, identify accessible country, find the right contacts and business partners, understand the legal aspects.</li> <li>o Some of the clusters (PMGP) never organized missions abroad with its members (out of lack of finances)</li> </ul>	<ul style="list-style-type: none"> <li>o Many regional or national public or parapublics supports to go international (insurance, loan, grants, etc)</li> <li>o Emergent market where the whole business model has to be reinvented</li> </ul>	<ul style="list-style-type: none"> <li>o Variety of rules and regulations (for instance "author rights"/copyright)</li> <li>o Lack of European private investors (VCs, Business Angels) that could hamper innovative business level (except for TBA)</li> <li>o Competition is emerging in important markets like USA, and China, the most advanced sports markets.</li> </ul>
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<p>Innovative technology and services</p>	<p>o Patent and intellectual property forces of many of the startups of the clusters (technical and service innovations): Clusters members are high level enterprises with very innovative with high potential exportable services and products (incl. VR, AR Tech, AI, etc) used in the fields of Sport and Live entertainment Some of their innovations are already awarded abroado Highly educated and entrepreneurs from start: The clusters have some of the best technical universities and schools with very strong R&amp;D programs. The cluster regions are very attractive for high skilled talents which is very important for the recruitment in the SMEs</p>	<p>o Lack of staff (IT, Business development , lawyers)o Only few of the clusters members are involved in the empathy tech, Digital humanities, emotive technologies in UXo Many innovative start up are still using old business models that are not well adapted to the digital business (Sale of product vs SAS model - sales online)o Lack of IT engineers, despite regional attractivity</p>	<p>o Global growth of immersive <b>technologies</b>The affiliated companies are ready to jump into this market. The international audience expects new, personalized, immersive experiences (especially the sports fans). E-Sport is an innovative growing market with excellent prospects for the future.Expansion of 5G Technology, IA, Cloud, VR, AR, MR Technologieso Growth of <b>contents</b> demand for Live Sport and Live Entertainment: one of the future trends on this market</p>	<p>o Slow development of the connected infrastructuresNeed of strong technological competences to manage technologies, contents and services within an arenao Public TV broadcasters support a large part of the digital innovation but might not have adequate funding capacity for a long timeo 20% of the Digital activity are going through the 7 Digital giants (GAFA, Alibaba etc.)</p>
<p>Needs and services (including HR and training)</p>	<p>o High level universities and labs among the cluster members or working closely with them (both tech staff and sport Business) o The ecosystems around the clusters are dedicated to professional accompaniment Highly specialized incubators can provide our SME's with trainings. o Strong support from the public bodies o Specific tax credit and tax reductions for startups</p>	<p>o Lack of dedicated financial resources o Lack of skilled IT engineers / developers o Complexity of IP management: Many partners to involve and thus many legal aspects to consider, especially in terms of IP.</p>	<p>o Good local training programs and support from the public bodies o French, Belgian, Swedish and German international institutional network (Chamber of commerce, Foreign affairs, etc.) European institutional network, e.g. the EU SME Centres in almost every important market. Local Institutional network (ex: Paris Region is involved in Smart Specialisation S3 that includes GCA sector) o Creation of an ecosystem to support internationalisation in common with other niche markets (leisure parks, etc.)</p>	<p>o Difficulty of hiring dedicated talents in each targeted country o Labour costs in Europe are much higher versus those in Asia. That makes it more difficult for the competition of European SME's. o SME's do not easily identify the potential public initiatives that could help them go international</p>

Digital Transformation	<ul style="list-style-type: none"> <li>o GCA Clusters programs to support the digital transformation of their members</li> <li>o The GCA clusters are all part of innovative local ecosystems with many incubators that are good partners</li> <li>o Many early adopters of digital business models among the clusters members</li> <li>o Trends that motivate the development of digital ecosystem around live sport and live entertainment</li> </ul>	<ul style="list-style-type: none"> <li>o Lack of agility of the large companies to take risks and innovate (fear of financial risks)</li> <li>o Lack of funding to innovate</li> </ul>	<ul style="list-style-type: none"> <li>o Local and regional supports toward innovative industries</li> <li>o Local and regional opportunities with the expansion of local connected arenas</li> <li>o The digital innovative industries are open to the new comers</li> <li>o Olympics Games 2024 (Paris, France) : opportunity to change the production process in the sport and digital field and to test new products before this major worldwide event.</li> <li>o eSport market 24,7M€ for 2018 : a market opportunity for TV channels, social platforms, Live events.</li> <li>o Technological infrastructure expansion</li> </ul>	<ul style="list-style-type: none"> <li>o Complicated ecosystem</li> <li>o International large competitors</li> </ul>
Financing	<ul style="list-style-type: none"> <li>o Many funds dedicated to digital transformation and creation of startups and scale ups (for instance "Prêt d'honneur" Image/ honor loan by PMGP or BayStartup, the network of 200 Business Angels / financing of start-ups and internationalization in Bavaria or Wallonian public funds...).</li> <li>o High interest from large international companies (CISCO, IBM etc.)</li> </ul>	<ul style="list-style-type: none"> <li>o Limited financial resources of most of the innovative start ups</li> <li>o Many of the affiliated enterprises do not have a strong enough knowledge of the investment system</li> </ul>	<ul style="list-style-type: none"> <li>o New markets and international markets (especially in eSports) attract new businesses/ new brands. They will rapidly become attractive for investors.</li> <li>o Opportunities to find private funding and investments in 3rd countries: The US and Asian investments, VC, Business Angels etc. are quite open to non national promising innovative start-ups</li> </ul>	<ul style="list-style-type: none"> <li>o Legislative and fiscal/taxes barriers are very complicated for SME's lacking from staff to understand them</li> <li>o European private investments are often small and slow going</li> </ul>

Cross-sectorial approach	<ul style="list-style-type: none"> <li>o Variety of the clusters members allow interesting cross-sectorial approacho GCA clusters have strong cooperations with cross-sectorial incubators or incubators among their members (ex: 5.0 industry - retail, e commerce, mobility, smart city, tourism, well being...)</li> <li>o Model seems easy to copy and paste on other niche marketso The clusters have good contacts to those other sectors, so that cooperations are possible(for ex: Automotive (BWM, Audi), Media/TV (Sky, ProSieben, Spo11rt1, Eurosport, etc.), IT (Siemens), Pharma, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>o It is hard to change the old habits of working in one specific market: Many of GCA cluster companies are concentrating on the media field.o Identification of relevant projects could be long</li> </ul>	<ul style="list-style-type: none"> <li>o The model could be copy and paste on other markets: innovations in live entertainment and sport can be used in many other fields (Mobility, advertising, tourism, health...).</li> <li>o Some of ESCP-4i projects can be considered for our project (Mobility Goes International - MobiGoIN)o Digital transformation is everywhere, in every venueo Large regional eco-system in sectors related to GCA brings potential business opportunities (ex: tourism in the Alps, skiing in the Alps, smart cities projects) .</li> </ul>	<ul style="list-style-type: none"> <li>o Some digital giants (Siemens, SAP, GAFA etc.) are already transsectorial. This is a threat for smaller companies (such as our cluster members). It is hard for a small company to address many sectorso Competition may be everywhere</li> </ul>
Topic	Strengths	Weaknesses	Opportunities	Threats

**Note:** You can have access to the full REGIONAL ANALYSIS DATASET by asking [cga@lepole.org](mailto:cga@lepole.org).

## 4.4 RESULTS OF THE SURVEY

In addition to the **RESULTS of the SURVEY** in the section 1.3. (p.9), you can have access to all **the ANSWERS of the SURVEY** here: <https://www.getfeedback.com/s/cyzRYIAZ/1>

**Zoom on the answers of the survey on the internationalization strategy of the clusters enterprises:**

### **INTERNATIONAL SITUATION OF THE COMPANIES**

#### **(Q11) Currently, do you have any international activities?**

Only 3 have no international activities  
24 have activities outside EU (63%)  
26 have activities inside the EU (68%)  
14 have both activities inside and outside of the EU  
10 have activities only outside of the EU  
12 have activities only inside the EU

#### **(Q14) What percentage of your turnover is generated by international activities of your company, if any? 0% (0) – 100% (100)**

0% : 8/39  
1-15: 8/39  
20-50: 15/39  
70-98%: 8/39

#### **(Q 15) The main countries the 39 companies are currently addressing outside Europe are (country 1 + country 2 + country 3 cumulated) :**

US: 18  
China: 8  
Canada: 3  
Japan: 2  
Main regions targeted are North America followed by Asia.

#### **(Q16) By far the kind of activities that the companies have on the international markets is attending international events/ fairs/ festivals (68%) followed by technical (48%) and commercial partnerships (48%)**

These companies are mostly interested in going in North America fairs. North America is also the main region they address and / or target.

#### **(Q 13) What is the main reason for your company to go international?**

Opportunity: 30/39  
To reach new fast-growing markets: 25/39  
To expand competitiveness by accessing new technologies and know-how/talents: 7/39

### **INTERNATIONAL STRATEGY**

#### **(Q 20) Is your company currently planning to approach new countries outside Europe? Please specify**

Yes: 23/39  
USA: 8 / 23  
China: 4/23  
Asia: 3/23  
South Korea: 2/23  
Turkey: 2/23  
West Africa Africa 2/23  
Any country 2/23  
Canada 1/23

Brazil 1/23  
South America 1/23

**(Q25) Internationalisation strategy: Which new regions would your company like to target?**

EU: 76%

North America: 25/39 – 68%

Asia (incl. East Asia): 20/39 – 51%

South America: 14/39 – 38%

India: 11/39 – 30%

Middle East: 11/39 – 32%

Russia: 10/39 – 30%

Africa: 9/39 – 27%

Other: 2/39 – 5%

**(Q26) What new country would your company like to target first? And why?**

**US: 11/39 (+ 3/39 as a second target)**

*Big market*

*the US is very interested in sports new experiences*

*Huge market*

*Opportunity in our niche*

*Strong market in sports entertainment*

*big market, affinity for new tech*

*many possibilities*

*Market Size, Budget Sizes*

*Market, Language, Infrastructure.*

*Many early adopters*

*gaming and esport brands and a high lack of experts in esport*

*Biggest market for digital products*

**Canada: 3/39 (+ 2/39 as a second target)**

*Business*

*for its technological progress and culture*

*Really important market,*

*Sirop d'érable*

*Opportunities in our niche*

**China: 2/39 (+3/39 as a second target)**

*No established competitors yet. Open to new ideas when it comes to production pipeline. Opportunities of course.*

*Growth of the livestreaming market*

*Big market*

*Huge expanding market*

*HUGE market*

**South Korea: 3/39 (+ 1/39 as a second market)**

*Presence of big players in our market*

*Great gaming and streaming market*

*High-tech country, fits perfect in innovation for AR.*

*editorial correlation with our core business*

**India: 2/39**

*Big potential for sports (cricket) and soap /tv reality production*

*A large market of 1.2 billion people, one universal language, English, TV and cellphone everywhere. the ideal country for B.A.BA-TV.*

**Turkey: 2/39**

*strong potential*

*need localization / good energy in production*

**Japan: 1/39 (+ 1 as a second target)**

*Evènement possible en novembre prochain avec la CCI France Japon*

**Russia: 1/39 (+1 as a second target)**

*Big opportunities to sell our product.*

*Market Size, Budget Size*

**HOW DO THEY GO INTERNATIONAL**

**(Q24) During your internationalisation process which actors better supported your activities?**

Local private partners (technological/supply/sales partners,... in the foreign country): 47%

Public institutions (chambers of commerce, export agencies,...) from my country: 29%

Local institutions (chambers of commerce, export agencies,...) in the foreign country: 26%

**(Q28) Does your company already have any international contacts in the country?**

Main result: Yes potentially commercial partners (above 50%)

But:

11/39 companies do not have any contact in their first targeted country

8/39 companies do not have any contact in their second targeted country

10/39 companies do not have any contact in their third targeted country

**(Q41) Your international strategy :**

Tell us how important these elements are for your company in its internationalisation strategy.

(Important + very Important)

Participating in international events and exhibitions order to meet potential international partners: 78%

Establishing a sale partnership: 77%

Contact with an organisation in my country that could help me in my internationalisation process: 75%

Searching the web about foreign markets and the targeted countries: 73%

Participating in internationalisation initiatives, programs, export consortia, ... in my country: 68%

Establishing a technological partnership: 67%

Contact with foreign institutions: Chamber of Commerce, export agencies in the foreign country: 58%

Implementing a direct sales strategy (export office in the original country): 55%

Establishing an international joint venture : 51%

Looking for some sales agents / distributors in the foreign country: 55%

Establishing a virtual office in the foreign country: 45%

Establishing a production partnership: 39%

Establishing a subsidiary or a branch: 38%

Looking for an acquisition opportunity in the foreign country: 37%

Establishing a supply partnership: 35%

**STRENGTHS AND WEAKNESSES**

**(Q4) Do you have a market-ready service or product?**

Yes: 87% (incl. 74% in software technology)

**(Q6) Would your service/product need to be adapted for an international market?**

No (30%) or only language or localization (30%) – Most of the products/ services are almost ready to go on the international market as they are.

**(Q8) Regarding the export issue, what would be your strengths?**

Expertise / Innovation: 12

International experience and network: 12

Scalability/ Flexibility are the most common answers: 8

No Answer: 6

Global Demand/ easy to use anywhere: 3

**(Q9) Regarding the export issue, what would be your weaknesses?**

Small/ lack of Human resources: 14  
No Answer: 12  
Lack of connections and network : 3  
Regulation: 3  
Cultural differences: 3  
Lack of investments: 2

**(Q19):** 87% of the companies are self-financing their international expansion

**(Q23) Can you tell us about the obstacles you faced during your expansion to international markets? Main External difficulties (Hard + very hard):**

Internal difficulties: few human resources to be allocated to export activities: 76%  
Internal difficulties: limited financial resources: 53%  
External difficulties: legislative and fiscal/taxes barriers : 38%  
Market difficulties: lack of strategical information: 35%  
Internal difficulties: lack of specific competences within your company: 32%  
External difficulties: intellectual property : 29%  
External difficulties: reliability of the supporting bodies (public institutions, banks, chambers of commerce, ...): 29%  
External difficulties: coping with different technical standards: 27%  
Market difficulties: strong local competitors: 27%  
Market difficulties: problems with local suppliers / partners: 27%  
Market difficulties: problems with local agents / distributors: 27%  
Internal difficulties: inadequate production capacity : 26%  
External difficulties: customs and logistics barriers : 23%  
External difficulties: Lack of transparency of financing schemes (State, banks, chambers of commerce, other partners...): 21%  
External difficulties: cultural and linguistic barriers : 19%

**POTENTIAL SUPPORT THROUGH THE GCA PROJECT:**

**(Q22) Would you be interested in tutoring other European companies to enter the international markets you're already experienced in? No (0) – Sure! (100)**

Above 70 : 16 /39

Above 50: 29/39

60 is the average answer

**(Q44) Services and needs**

**What kind of services and activities would you need to prepare your internationalisation process?**

Participation in international events and exhibitions: 80%  
You would like to get more information about financing your international expansion: 49%  
Partner search: Search for strategic partners who can help you going international: 46%  
Orientation on new markets and strategic localization: 29%  
Mission of prospection in foreign countries: 31%  
Strategic market watch: A service providing you with specific and extensive information about the markets you are interested in: 26%  
New markets assessment and product positioning: 20%  
Advice to adapt the product to the new market: 17%  
Other: 6%

**(Q45) What kind of training would you need?**

Country-focused training (fiscal, legal aspects): 53%  
Training on internationalisation and new market entry strategy: 43%  
Training on market trends and opportunities: 43%  
Language and cultural training: 33%  
International technology transfer : 23%

**(Q46) What kind of services and activities would you need to prepare access to a new country?**

Partner search in the foreign country: 71%  
Organisation of networking and B2B activities in the foreign country: 54%  
Financing supports (public or private funds that finance the risk like grants, loans,...): 43%  
Scouting for funding opportunities: 43%  
Recruitment support: 34%  
Innovation services (intellectual property, R&D collaborations...): 31%  
Cultural intermediary: 26%  
Location search: 26%  
Representation and virtual office services: 23%  
Scouting for international joint ventures: 20%  
Joint communication and promotion services: 17%  
Distribution channels search: 14%