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Media companies shifting sports rights to digital could be a positive for marketers

Article

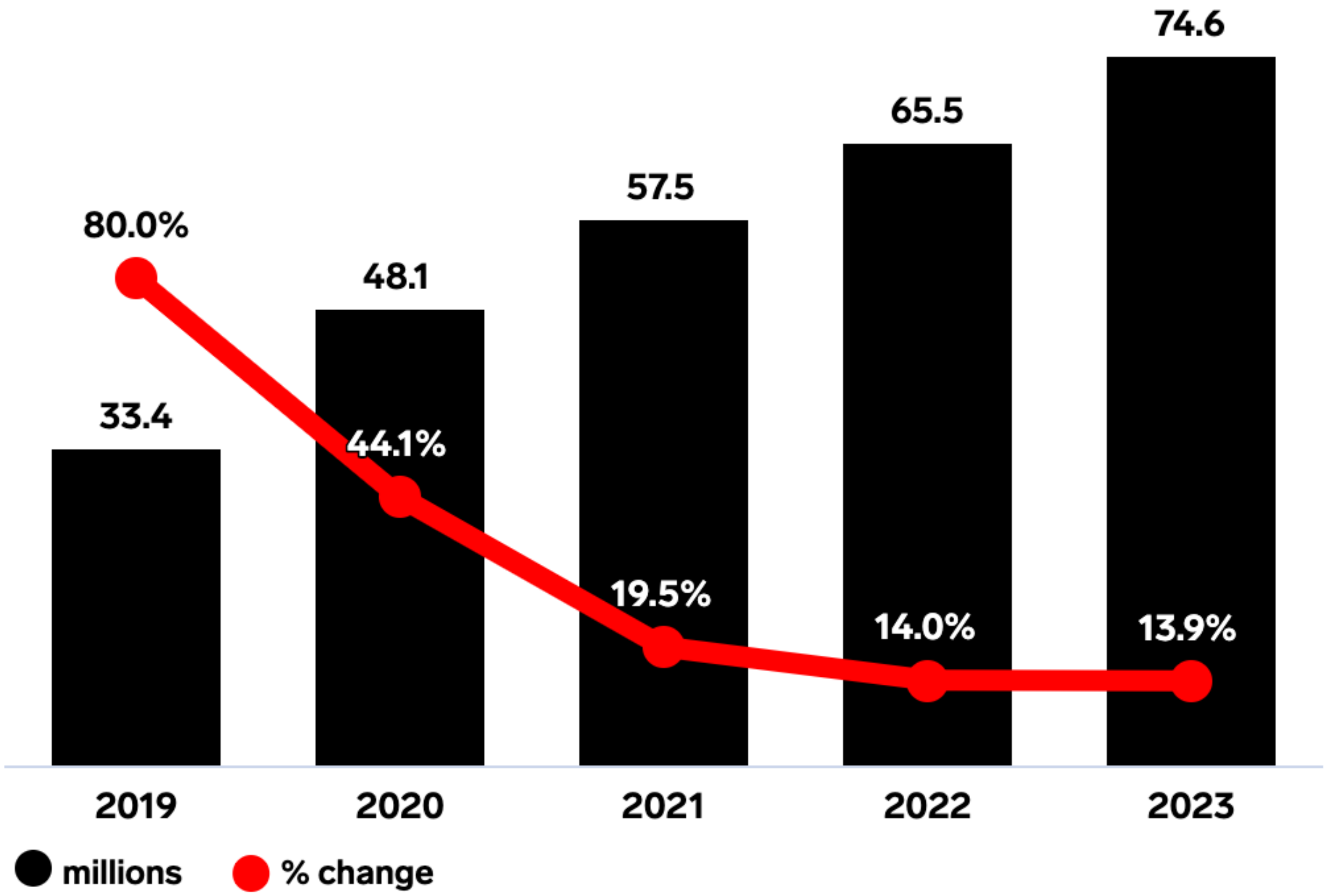
Last week, reports about sports broadcast rights pointed toward an increasingly digital future: The Walt Disney Co. CEO Bob Chapek announced that all future sports deals would steer “as many rights as possible toward ESPN+,” while the NFL and Amazon are reportedly on the verge of signing a new rights deal that would see the tech giant receive exclusive access to a much larger set of games—Amazon’s deepest foray into sports rights yet. The NFL is also considering granting NBCUniversal’s Peacock exclusive carriage rights for a single game in its new deal with Comcast. Lastly, Paramount+, which launched last week, said it intends to make live sports a core aspect of its growth strategy.

Sports rights have become increasingly crucial to the streaming wars, since media companies see exclusive access to live sports as a way to draw in subscribers—but there are challenges, too. There were huge spikes in sign-ups for Peacock and CBS All Access (now Paramount+) during the start of major sports seasons and popular tournaments in 2020, per recent data from subscription insights company Antenna. However, relying on sports for subscribers is not without its challenges: Sports are a mostly regional affair and can often lack the global appeal needed to drive subscriptions in markets outside the US. NFL games may attract US subscribers, but they’re unlikely to have the same effect in Latin America. For newer streaming services like Paramount+, access to the NFL, and other sports leagues popular in the US, may not be sufficient for competing against the likes of Netflix and Disney+ in non-US markets.

For marketers, this approach will naturally grow the number of sports fans who can be reached (with more precision) through digital channels. We made an upward revision to our 2021 estimate for US digital live sports viewers—57.5 million people will watch live sports monthly on digital platforms this year, up 19.5% over 2020. Underpinning this growth are the strong success of ESPN+ and the rising adoption of virtual multichannel video programming distributors (vMVPDs) like YouTube TV and Hulu + Live TV over the past two years. The number of ESPN+ viewers will grow from 12.6 million in 2019 to 25.0 million in 2021, while the number of vMVPD live sports viewers will rise from 16.4 million in 2019 to 24.1 million in 2021.

Digital Live Sports Viewers

US, 2019-2023



Source: eMarketer, February 2021

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