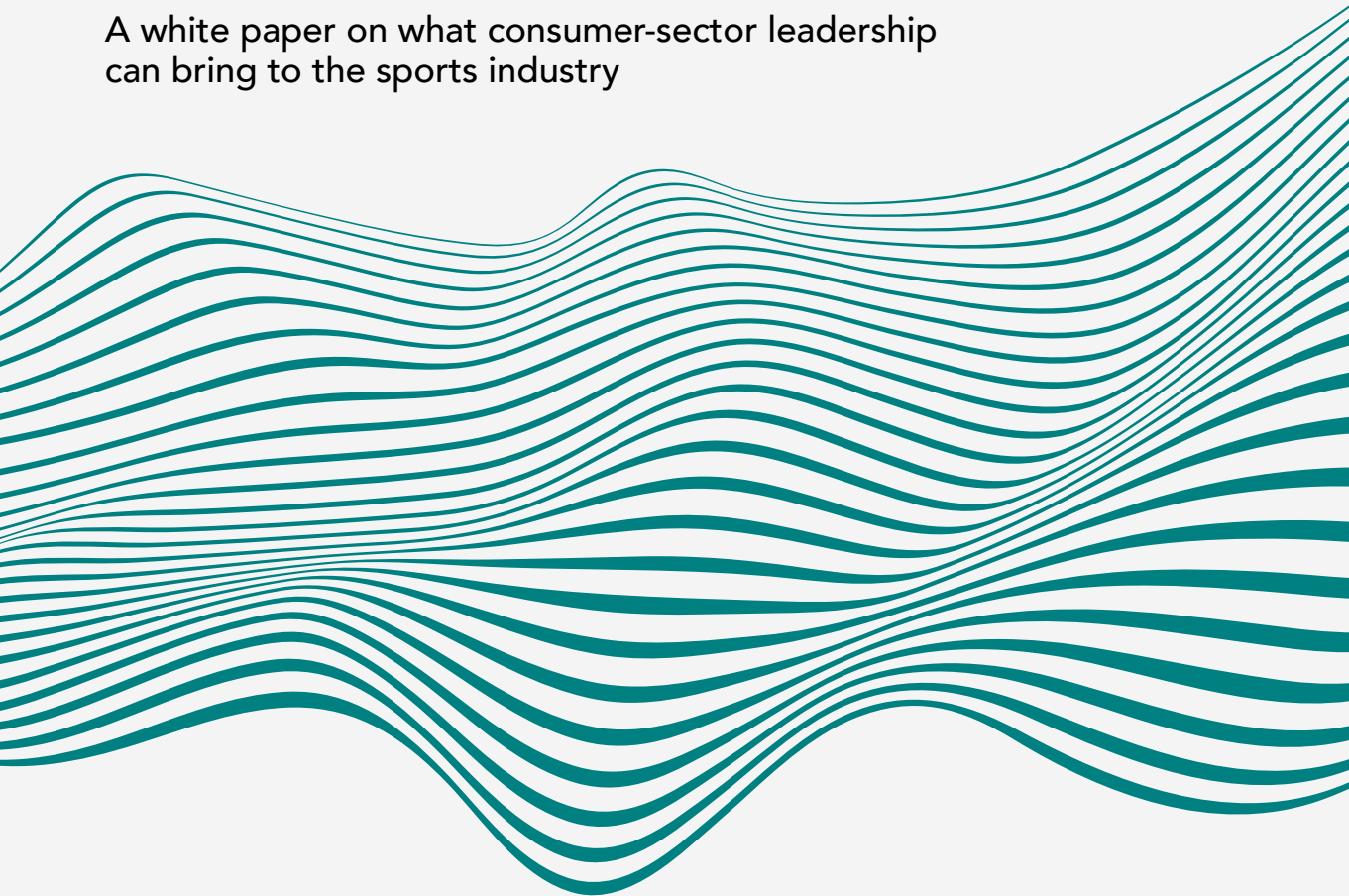


MBS Intelligence

How sports can learn from the consumer playbook

A white paper on what consumer-sector leadership
can bring to the sports industry



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Foreword

The world of sport is changing fast. Wherever you look, the industry is transforming: fan habits are evolving, games are getting more diverse, sport media is being reimagined, and the sector is becoming increasingly global, attracting billions of dollars in investment. It's a hugely exciting time: who would have thought ten years ago that a Netflix show would bring in more than a quarter of Formula 1 fans, or that a women's football match would break TV viewing records?

Against this backdrop, organisations in sport are rushing to formalise and professionalise their approach to growth. And, from a leadership and strategy perspective, many businesses are beginning to think more deliberately about how sport fits into the wider consumer ecosystem.

The MBS Group has been working closely with consumer-facing businesses for more than thirty years, supporting brands as they solve their most pressing leadership challenges. At MBS, we recognise the sports industry as a critical part of the consumer-facing sector – touching entertainment, leisure, health, wellness, tech and hospitality.

With that in mind, over the past few months, I've sat down with leaders from right across the sports industry, to explore how the sector is evolving and discuss future leadership considerations. Through conversations with senior executives from sports clubs, leagues, and governing bodies, we've lifted the lid on how the sports arena is evolving, and this means for talent.

This white paper is the product of those conversations. It explores how the global sport industry has evolved; what lessons can be learnt from the consumer-facing sector; what executives can expect when moving from the consumer-facing sector into sports, and what makes a successful leader in sports.

As priorities change, businesses in sport will need new leadership profiles, and people who can guide organisations into their next phases of growth.



VANESSA HILL

Associate
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How has the sport sector evolved?

In the past decade, there has been an evolution in how people enjoy sport and support their team. Social media, gaming, and sports-focused entertainment content has transformed the sector, giving rise to a new generation of sports fans and moving the goalposts for commercial success. And as the industry becomes more diverse – in its fullest sense – there's an opportunity to engage fresh demographics.

In 2024, organisations in sport are grappling with how to speak to this new wave of consumers without isolating legacy fans. And in a fast-moving and fast-growing leisure and entertainment scene, there's never been a greater need to cut through the noise.

What can consumer talent bring to sport?

Today, fewer than 25% of sports CEOs in the UK have worked in the consumer-facing sector.

But as fan priorities change, so too does business strategy. To stand out in an increasingly crowded market, sports organisations must adopt a consumer-centric mindset, which places brand, identity, and customer experience front-and-centre. Customer data and using analytics to drive decision-making also represents a real untapped opportunity.

Bringing in talent from the consumer-facing sector could ensure this type of mindset. Leaders from areas such as hospitality, retail, FMCG, or consumer technology could be pivotal in injecting the sort of consumer-centricity that sports businesses need.

What can leaders moving into sport expect?

There are a number of factors which make the sports industry a unique place to work.

Sports has a complex structure of multiple stakeholders.

Each different type of organisation has a unique pace: certain clubs or competition businesses can move very fast, while organisations operating to an Olympic schedule are defined by the four-year funding structure, for example. Leaders in sports also have to navigate a complex web of stakeholders, and build strong professional relationships to drive change.

Sport organisations are also under a far greater level of scrutiny than other businesses in other consumer spheres.

How has the sports sector evolved?

The way fans enjoy sports has transformed

The habits and preferences of sports fans have changed drastically in the past few years. The evolution of the media landscape has given fans access to a huge variety and quantity of content, which has waned in a new era of fan behaviour – and, in turn, new strategies for clubs, leagues, and governing bodies.

When it comes to specific events or games, it's a minority of fans who buy tickets to watch in person. Indeed, a 2023 survey from Capgemini Research Institute found that only 34% of sports fans globally visit sports grounds often. The shifting landscape is clearly being led by younger fans: 77% of Gen Z and 75% of millennials prefer to watch sports outside of venues, and only 58% of this group say that live events are their favourite type of sports content. Many opt to keep up-to-date by watching highlights or checking social media.

More than ¾ of Gen Z and millennials prefer to watch sport outside of venues



As part of this shift, new platforms and formats have emerged. Social media has given fans unparalleled access to their favourite sports and sportspeople. In football in particular, this phenomenon has waned in a new generation of fans who follow individual players, rather than teams.

There's also a colossal amount of sports-related entertainment content, from grassroots podcasts to multi-billion-dollar TV shows from the likes of Netflix, Apple and Amazon. These formats have given existing fans new ways to engage in their favourite sports, and also forged new routes to entry for first-time supporters.

Their influence is not to be underestimated: Netflix's documentary series Drive to Survive is widely credited with boosting F1 viewership and sponsorship revenue, with 53% of fans citing the show as a reason they started watching F1 races.

“Ted Sarandos, Netflix co-CEO, on the company's third-quarter earnings call:

“We are in the sports business. But we're in the part of the sports business that we bring the most value to, which is the drama of sport.”

As such, organisations in sport must grapple with how to speak to a new wave of consumers without isolating legacy fans. And in a fast-moving and fast-growing leisure and entertainment scene, there's never been a greater need to cut through the noise.

The sector is experiencing significant globalisation

We're also seeing rapid globalisation. The English Premier League is one of the fastest growing sports in the United States, for example. The Premier League hosts pre-season tournaments in the US, and new streaming partnerships have made watching games easier for many Americans. As a result, US fan interest in the Premier League is up 53% since 2020. Looking at investment, almost half of investments made into mid-sized European sports assets in 2022 were by organisations outside of Europe.

The US is also exporting sport. The National Basketball Association (NBA) and the National Football League (NFL) are trying to crack Europe and Asia for sources of growth. In China, more fans watch the NBA than they do the Chinese Basketball Association, for example, and engagement in the NBA globally has grown 10% year-on-year.

With this in mind, sports organisations today must navigate how to cater to and engage global audiences.

The financial landscape is shifting

The financial landscape of sport is also shifting, and presenting new considerations for leaders. In the past few years, we have seen a wave of new capital injected into sports, buoyed by growing media rights, the globalisation of valuable content, and the historic resilience of sports assets – which are predicted to become more valuable in the years ahead. This shift has ramped up financial competition, and moved the goalposts for what's required of leaders.

Perhaps the most impactful change has been the growing presence of the Middle East in global sports. As well as promising healthy returns, involvement in sport can be a way for governments to soften a challenging public profile.

As just one example, Saudi Arabia's Public Investment Fund has injected billions of dollars into sports. Since 2021, the sovereign wealth fund has acquired Newcastle United; taken a \$750m stake in F1's McLaren; disrupted professional golf with the launch of the LIV golf league, and most recently invested in MMA venture SRJ Sports Investment.

There's also been increased interest from American private equity – especially in European football. For PE investors, football clubs represent valuable assets with steady growth trajectories. According to a Football Benchmark report, the aggregate enterprise value of the 32 most prominent European football clubs has increased by 96% in the seven-year period from 2016 to 2023 – a performance that outpaces the FTSE 100 Index.

At a glance: US private equity in European football

→ September 2022:

RedBird Capital Partners completes a €1.2bn acquisition of AC Milan

→ May 2022:

Clearlake Capital acquires Chelsea for \$5.3bn

→ December 2023:

Arctos Partners takes a stake in Paris Saint-Germain in a deal which values the French club at more than \$4bn

Looking ahead, women's sport represents an exciting opportunity for investors, who can tap into rapidly-growing sports and new fan demographics. We're already seeing significant cash injections: in January 2023, for example, India's Women's Cricket Premier League received a \$580m investment, and in March 2023, private equity group CVC acquired a 20% stake in the Women's Tennis Association to create a new commercial subsidiary named WTA Ventures.

The sports leadership landscape is ripe for disruption

The structure of the talent landscape in sport has remained unchanged for many years

Traditionally, the industry has attracted sports fans into management roles, many of whom stay within one company or sport for their whole career.

On the one hand, this trend breeds passionate leaders, who have the critical depth of domain knowledge needed to run an effective organisation. However, it can also have a limiting impact on the sector – discouraging high-potential candidates who may not be fans from entering the industry, and allowing for strategic blind spots.

“ Chief People Officer, F1 Team:

“For some functions, we simply have to hire from within F1. What’s required is just so specific, that a leader would have had to grow up within F1 to truly get it.”

There’s also a stark lack of diversity – in its broadest sense – at the top levels

The UK sports sector lacks variety in its leadership – both from a gender and ethnicity perspective and in functional or sector background.

As shown opposite, research from The MBS Group found that more than four-fifths of CEOs of the largest 60 sports organisations in the UK are men. This trend is particularly stark in football: in the English Premier League, there are currently no women Chief Executives, and only 9% of Board members are women. Moreover, in national football federations, just 2% of presidents and CEOs are women. And where women do hold corporate roles within clubs, they’re less likely than men to be in revenue-driving or strategic positions.

“ Chief Marketing Officer, Premier League Football Club:

“There’s not enough creative thinking in sport. I think largely because there’s not a diverse enough management at the top. You tend not to find marketeers at the top of sports businesses.”

Beyond gender diversity, there’s typically little variety in the professional background of sports leaders. In particular, fewer than a third of sports CEOs have any experience in the wider consumer-facing sector – and around half have spent their entire career in sports.

The MBS Group undertook research into the CEOs at the top 60 sports organisations by revenue operating in the UK, across governing bodies, leagues, clubs and teams. We found that:

82% of sports CEOs in the UK are men



Nearly half (46%) have spent the entirety of their career in sport



Fewer than a third have worked in the wider consumer-facing sector



What can consumer talent bring to sport?

Sports businesses should place their fans front-and-centre

Historically, sports businesses have failed to treat their fans like customers – in large part because of the built-in loyalty that comes with being a fan. But as the landscape becomes more competitive, organisations can learn critical lessons from retail, hospitality, tech and entertainment – and appoint consumer sector talent to implement changes.

There's an exciting opportunity to harness customer data

Sports teams have hundreds of millions of fans all around the world – but the industry is falling behind when it comes to a data-driven approach to understanding this demographic. Collecting customer data (and using it to inform marketing and other business decisions) could be truly transformative. Sports organisations should consider adopting the practices of airlines, retailers and hospitality businesses to analyse customer behaviour and adapt strategies accordingly.

“Chairman, Governing Body:

“Coming from retail, joining sport was like going back in time. We didn't understand our audience nearly as much as we should have done. We were so light on data, and there was very little segmentation.”

“Chief People F1 Team:

“We should be using data to maximise returns. Sponsors want to know about your customer, and how their priorities reconcile with their own brand strategy. You can talk about ROI so much more easily with data. Today's corporate sponsors have less money to spend, so sports businesses need all the tools in their arsenal.”

More attention could be paid to branding and identity

Brand can be seen as a dirty word in sport – but cutting through the noise has never been more critical, especially when younger fans are less loyal to certain teams or sports. Sports organisations must inject specific thinking around brand identity, to retain current fans, grow engagement, and attract new customers.

Industry insight: Clare Cronin, CMO at Chelsea Football Club, former CMO at McLaren Racing

“One of the first questions I asked in my early days at McLaren was: why is the team kit white, when our brand colour and car livery is papaya? The data from our own website showed the top-seven items of fan apparel were all papaya, so it was clear there was demand for it.

Off the back of that conversation, we changed both the team kit and fan replica kit from anonymous white to recognisable papaya. I remember visiting Silverstone, and how proud the race team felt when they saw a whole sea of papaya shirts in the stand. Fans wanted to be part of our tribe and were willing to pay good money to advertise their loyalty to McLaren.”

More entertainment-centric thinking could drive change

According to a recent survey from Deloitte, 70% of fans watch sport primarily because it is entertaining. With this in mind, sports organisations should think carefully about how to provide the best end-to-end customer experience for fans – covering everything from F&B offerings at live events to integrating additional technology for fans enjoying sport online. Here, leaders from hospitality can provide unparalleled insight into how to design the best customer experience.

Industry insight: Catherine Newman, EVP Marketing, WWE, former CMO, Manchester United

“Brands in the US do a great job of treating sports as entertainment, and therefore deepening fan connections. At WWE, for example, we always make sure there are secondary events for fans to get involved in. Like in Detroit, we put on a classic car show outside the stadium showcasing the cars that had been used in historic events throughout the years. Fans turned up early with their families and spent time engaging with our brand in a different way.”

Which functions would benefit most from consumer-centric thinking?

Marketing and customer

As discussed throughout this report, sports organisations should look to the consumer-facing sector for marketing, branding and customer expertise. Leaders from areas like retail, fashion and FMCG could bring much-needed creativity to help sports businesses cut through the noise.

Data and technology

Certain areas of the consumer-facing sector – like airlines and retail – are home to best-in-class data experts who understand how to collect information and apply it to decision-making. Businesses in sport would benefit from bringing in talent from these industries to design comprehensive data strategies. Moreover, sports companies should look to digital-first consumer brands for expertise in how to digitally innovate to evolve their fan proposition and product offering.

HR

As sport experiences rapid globalisation, businesses could benefit from HR leaders with experience running multinational consumer brands with diverse teams in multiple geographies. Here, sports businesses could look to the hospitality, FMCG and fashion sectors.

Board

It is the role of non-executive directors to think broadly and creatively about the future of the organisation, and where it sits within its wider context. With this in mind, appointing an NED with expertise of the consumer sector and an understanding of shifting customer behaviours could be highly beneficial.

What can leaders moving into sport expect?

A complex web of stakeholders

The sports sector is built on a network of different stakeholders: from fans and sponsors to owners and governments. Many leaders told us that adapting to this was the biggest learning curve when moving from the consumer-facing sector into a sports organisation. Senior executives are never going to be able to please everyone, so having a 'thick skin' and a high level of emotional intelligence is critical. Here, some leaders told us that having PLC experience was highly valuable when taking up a role in sport, especially when it came to forming allegiances and forging a path through what can be a layered network of governance considerations.

“ CEO, Horse Racing:

“The colossal nature of the stakeholder structure was one of my biggest learnings. There's so much nuance in the interplay between different groups: who talks to who, how the various agendas play off each other. So that was a learning curve.”

A high level of scrutiny

Many leaders we spoke to touched upon the increased levels of scrutiny within sport, and the emotionally-charged reactions decisions can trigger from fan communities. Beyond competitive performance, today's fans expect their teams to be driven by purpose, to give back to their local communities, and to speak out on the issues that matter.

“ Chairman, Governing Body, former Retail CEO:

“Nobody's talking about a retailer's financial results in the pub. But everyone has an opinion on the choices leaders make in sport. It takes some getting used to... but I just treat it like free consumer research.”

A unique pace

Organisations in sport can run at their own unique pace. Smaller businesses often move very fast, without the bureaucracy of the traditional corporate worlds. Leaders are empowered to make decisions at a rapid rate, with real agility. In stark contrast, some organisations – like national governing bodies – are exposed to high levels of regulation, and are slowed by infrequent funding cycles.

“ CEO, Rugby Union Club:

“At my previous consumer company, we were very focused on getting under the skin of our stakeholders – be it suppliers or customers – and this put me in great stead to work on the Olympics. The Olympic Games were all about delivering a brilliant experience for a complex web of stakeholders, from athletes and spectators to broadcasters and sponsors. In the consumer sectors, understanding who you're delivering to is crucial – and applying this mindset to sport is hugely beneficial.”

Some outdated processes

Some organisations in sports are still operating with outdated systems, processes and a lack of rigour when it comes to reporting or financial control.

What makes a good sports leader?

Relationship building

In order to navigate the complex stakeholder structure in many sports organisations, it's critical that leaders have a high emotional intelligence and the ability to build professional relationships – and identify which ones to prioritise. One point that resonated throughout our conversations was the need to be an “influencer”, due to how many factors can be outside a leader's control.

“ Former Board Member, Sport England:

“In the governing body world, the Chair/CEO relationship, and the Board/CEO relationship is very important.”

Passion for the sector, distance from the sport

Given the unique pace and high stakes of the sports sector, many leaders told us that a passion for sports – and an understanding of its deep impact – can be highly beneficial. However, a great leader doesn't need to be a fan of the particular sport they're working within. In fact, some leaders told us that personally being a fan of the sport or team you're working at can lead to strategic blind spots. Far more important is bringing a valuable skill to the table.

“ CEO, Rugby Union Club:

“I've seen huge fans join sports businesses and they often can be a bit overwhelmed and therefore don't cut the mustard.”

“ Chief People F1 Team:

“If you want work/life balance, you cannot come into sport. I see it as a vocation, a passion, and a way of life.”

A thick skin

Throughout our conversations, one point that responded particularly strongly was the need for leaders to be able to deal with criticism, and expect for their performance to be managed tightly with high expectations. This is particularly true in sports clubs, in which the culture can be driven by a “take no-prisoners” approach to bad performance.

“ Chief Marketing Officer, Premier League Football Club:

“They will bench someone if they're not right.”

A balance of commercial and performance leadership

Leaders must strike a careful balance between commercial and club leadership. This is especially true in sports clubs, where financial fate is often tied to athletic performance.

“ CEO, Rugby Union Club:

“You have to be comfortable that you can be responsible for how you're performing on the pitch. I'm not going to coach from the side-lines, but I have to be able to provide direction. It's about creating accountability, and fostering an environment where your performance departments can succeed.”

An innovative mindset

Many organisations in sport have long legacies. A great sports leader will be adept at spotting opportunities for change, thinking creatively, and disrupting the status quo while also honouring their organisation's established priorities.

About Us

About The MBS Group

The MBS Group is a leading sector-specialist B Corp executive search firm advising all consumer-facing industries. Clients consider us to be the partner of choice when searching for critical leadership roles that make a difference. We work at Board level and on executive positions across all functions of strategic importance.

For more information, visit www.thembsgroup.co.uk

Our sports expertise

We combine our expertise in consumer-facing industries and experience in the sports sector to support our clients at Board, Executive Committee and leadership levels.

We work across sporting clubs, national governing bodies, international sports federations, leagues, sports venues, e-sports, brands, agencies and major events organising committees within the sector.

Acknowledgements

We'd like to thank the dozens of leaders from right across the sports industry who so generously gave up their time to contribute to this white paper. We'd also like to thank our team at The MBS Group for their part in bringing this report together.

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Keep your finger on the pulse with a daily news bulletin delivered each morning, covering key stories and the latest people moves from all consumer-facing industries.

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