



# From Hype to Reality:

Rethinking D2C Strategies in Sports

January 2025



**OC&C**  
Strategy consultants





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# For most rightsholders, D2C isn't all it was cracked up to be... yet

- D2C was – and for many still is – **the 'next big thing' in sport**. Rightsholders of all shapes and sizes are making big swings
- However, they are increasingly getting into **the grind after the hype**, realising that despite its promise 'on paper', it is **proving difficult for most rightsholders to gain meaningful traction in D2C**
- In our view, this is ultimately because...
  - Dedicated sports fans already have a plethora of platforms fighting for their time – hence **the bar for yet another platform is high...**
  - ... and most rightsholder D2C platforms, by virtue of the importance of their cornerstone rights deals, have **too narrow a content proposition to meet this bar** for all but the most dedicated of superfans
  - As a result, they are seeing **low willingness to pay, high acquisition cost**, and **retention** challenges – ultimately driving **unattractive economics**
  - All of this is exacerbated by the **major operational and mindset shifts** required to operate a successful D2C business – capabilities which most rightsholders lack
- In our view, **D2C is important to reach and engage fans where they are across a broad range of channels... but the typical approach & objectives for success (eg monetising the superfans) should be re-evaluated**
  - There is **very little (if any) financial upside for rightsholders in D2C media alone**. Indeed, rightsholders already capture the vast majority of value on the table under traditional B2B2C rights deals
- A clear and effective D2C strategy will need to be more **'fan-led' (rather than 'product-led')**, and requires bold choices across several dimensions:
  - **Clear Segmentation (by Geo / Fan Engagement Objectives)**: Fans are often at different stages of development and sophistication across geos... hence market-specific strategies for D2C engagement are critical
  - **Novel Content & Proposition**: offering a compelling value exchange based on exclusive content & IP – supported by the clubs – and bundling value across multiple categories
  - **Supporting Partners**: leveraging platform/aggregation deals to broaden reach and increase revenue, without giving up the data benefits (if the deal is right!)
  - **Data Excellence**: capturing fan data with intent and purpose, and giving fans good reason to offer it up
  - **Investment in New Capabilities & Org**: D2C requires a major shift in capabilities, org structure and mindset – and working out how to build, buy and/or partner your way to it

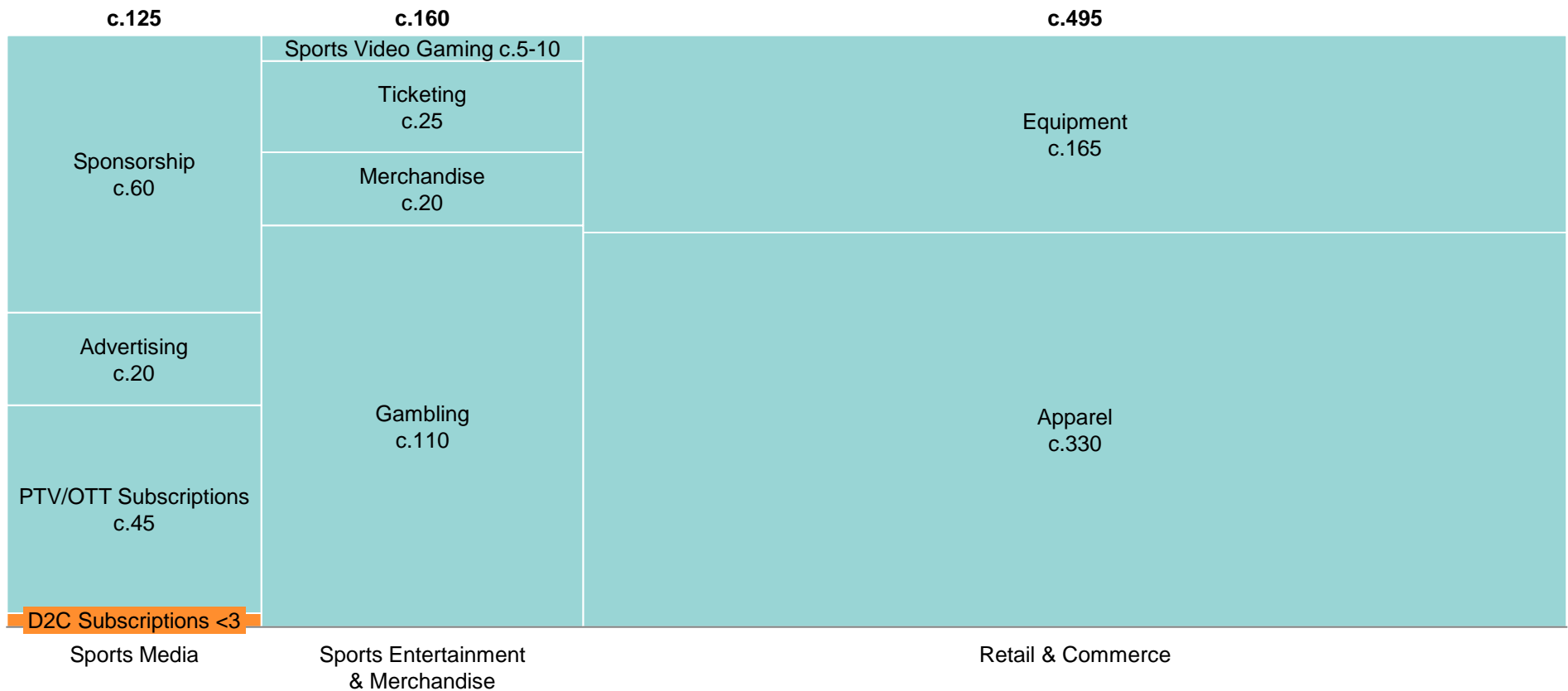


# Despite its promise 'on paper', rightsholders have gained little financial traction in D2C

Estimated Global Sports Market Value, 2022 (\$bn)

Global Estimates Exc. China & Russia

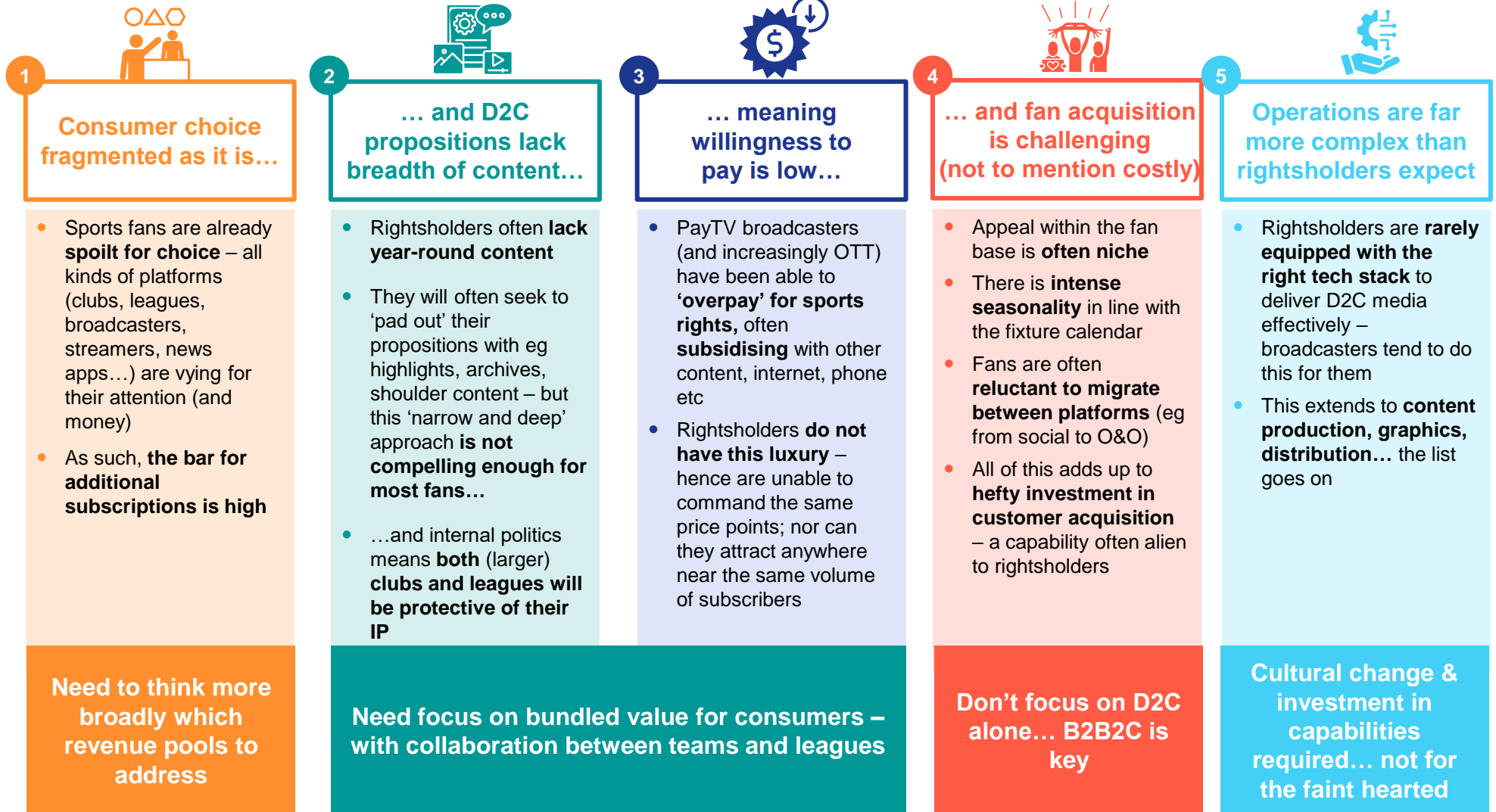
Total = >\$750bn



Source: OC&C experience & analysis



# The challenges are many... with lessons learned for new potential efforts



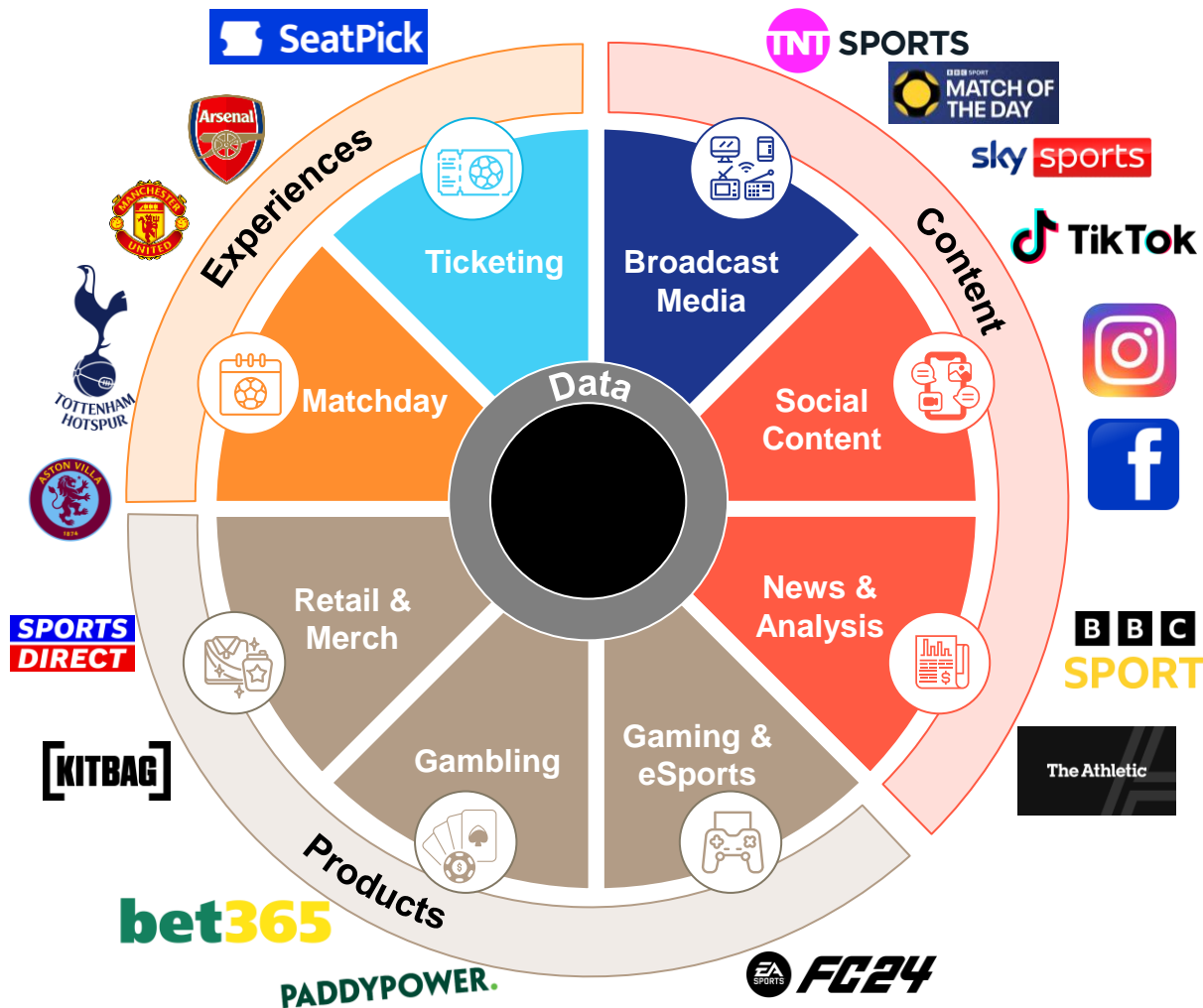
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# Sports fans have a plethora of platforms vying for their attention – the bar for another subscription is high, and rightsholder D2C platforms rarely meet it

Sports Fan Engagement Universe

Illustrative



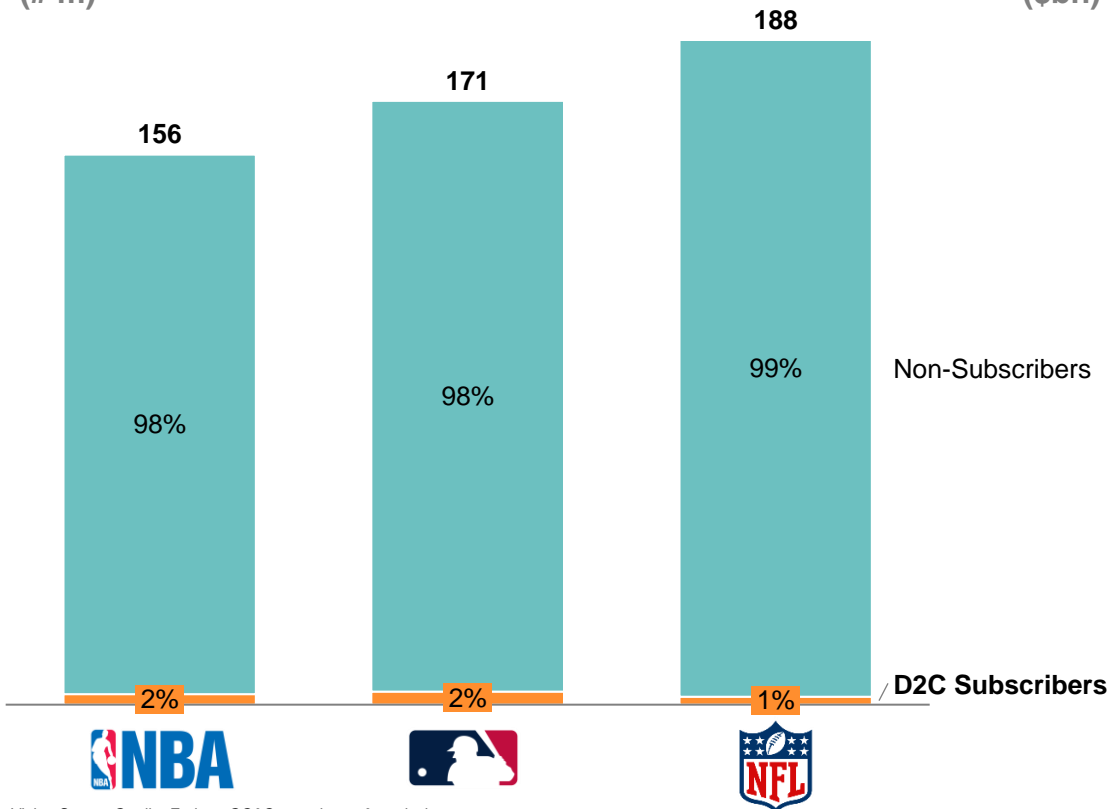
- Most rightsholder D2C platforms tend to focus on **non-live content** – be it archives, highlights, shoulder content – as live rights deals are often **far too cash generative to put at risk**
- For many fans, then, D2C subscriptions become **yet another platform vying for their time and money...**
- ...and for most fans, they are **just not compelling enough to win**

# Consumer willingness to pay for D2C is low...

## Current Size of Sports D2C Subscription Base

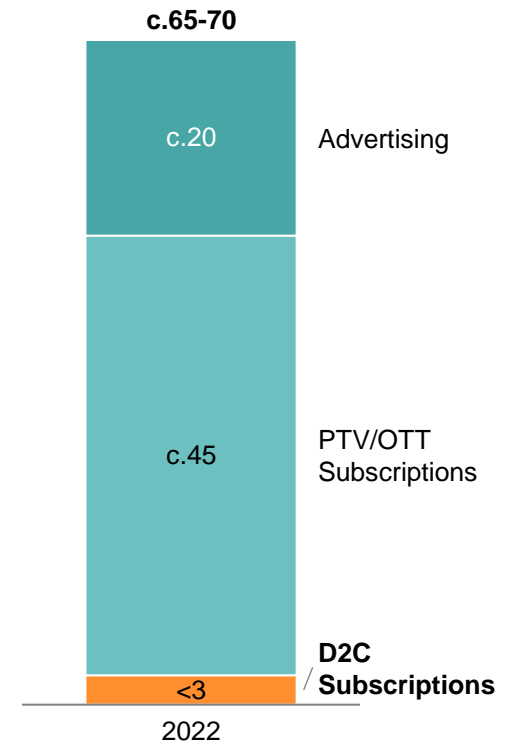
*Currently only a very small proportion of fans of major US leagues subscribe to a D2C offering...*

Fans by League vs # D2C Subscribers, USA 2022 (# m)



*... and globally, D2C revenue is insignificant vs traditional revenue generation methods.*

Estimated Global Sports Media Market Value, 2022 (\$bn)



Source: Vision Sports, Omdia, Forbes, OC&C experience & analysis

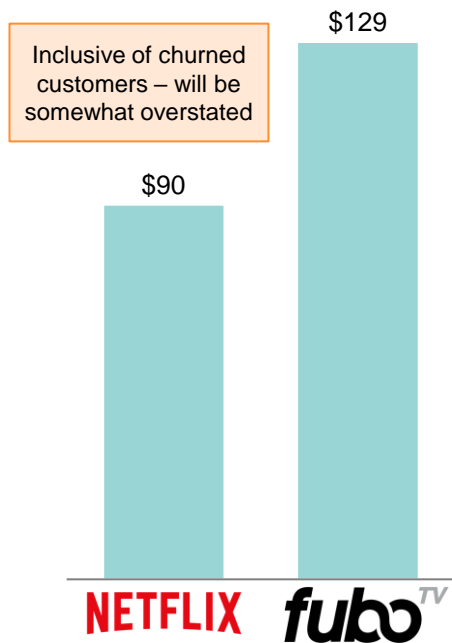


# ... and the economics are incredibly tough

## D2C Economics

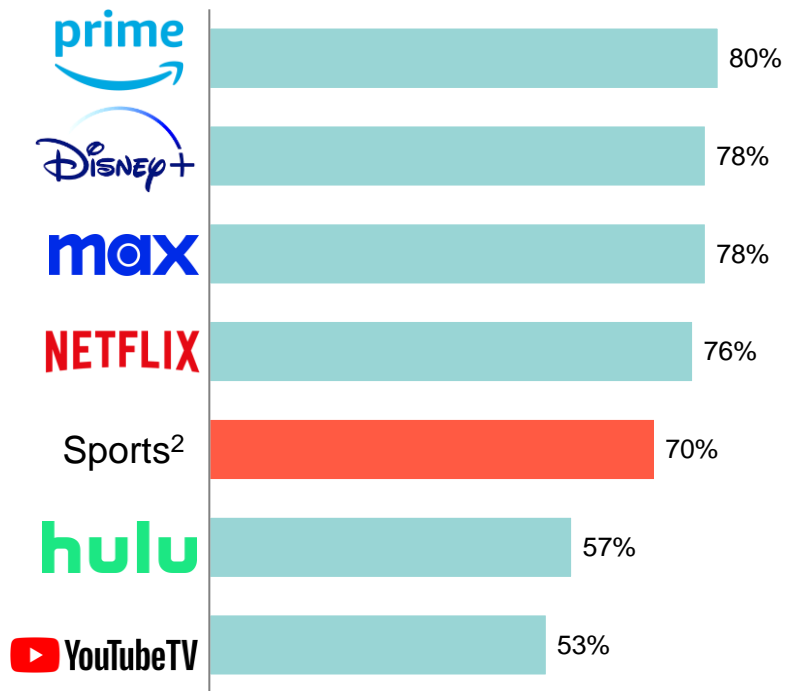
*CAC in D2C media is high...*

2023 Marketing Spend per Net New Paid Subscriber, Major D2C Streaming Providers<sup>1</sup>  
(\$ per net new customers)



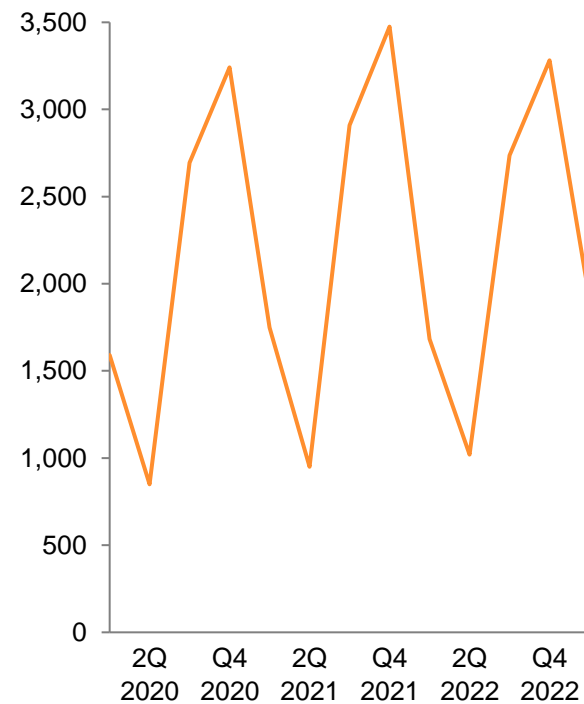
*... coupled with generally poorer retention for sports D2C vs other TV / film...*

12 Month Subscriber Retention Rates (%)



*... and major seasonal fluctuations in line with the calendar*

# NFL+ & NFL Game Pass Subscribers, Q1 2020-Q4 2023 (000)



1. Marketing costs divided by net increase in paid subscribers vs 2022  
 2. Benchmark calculated as the weighted average from 10 comparable sports OTT products  
 Source: Ampere Analysis; Annual Reports, Omdia, OC&C analysis

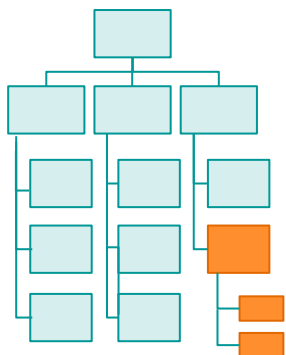




# Early D2C efforts in sports have often been incremental to the existing op model... more structural changes are often required for success

## Operating Model Types for D2C

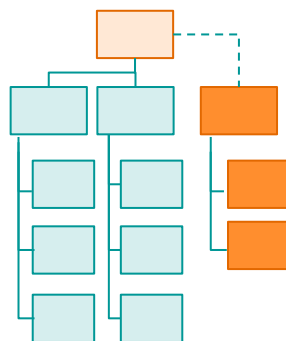
### Core Expanded



*“Another distribution channel for our core content”*

*Typical sports organisation mindset*

### Digital Separated

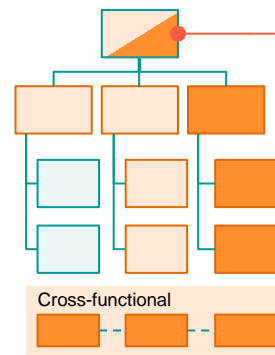


*“New revenue stream for the future”*

*“Joint ventures”*

*“Important for the future but I don’t trust our core business”*

### Digital Elevated

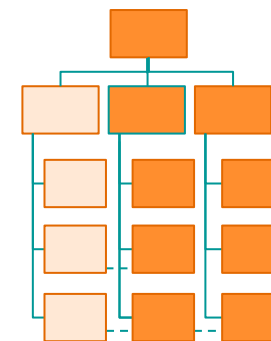


Ambidextrous leadership involves managing the legacy and new business in parallel. This relies on strong top-down commitment

*“Important for the future – now”*

*More likely to succeed... but greatest cultural change required*

### Digital Redesigned



*“Do or die”*

*“It’s only a matter of time before we get disrupted”*

— Direct Report

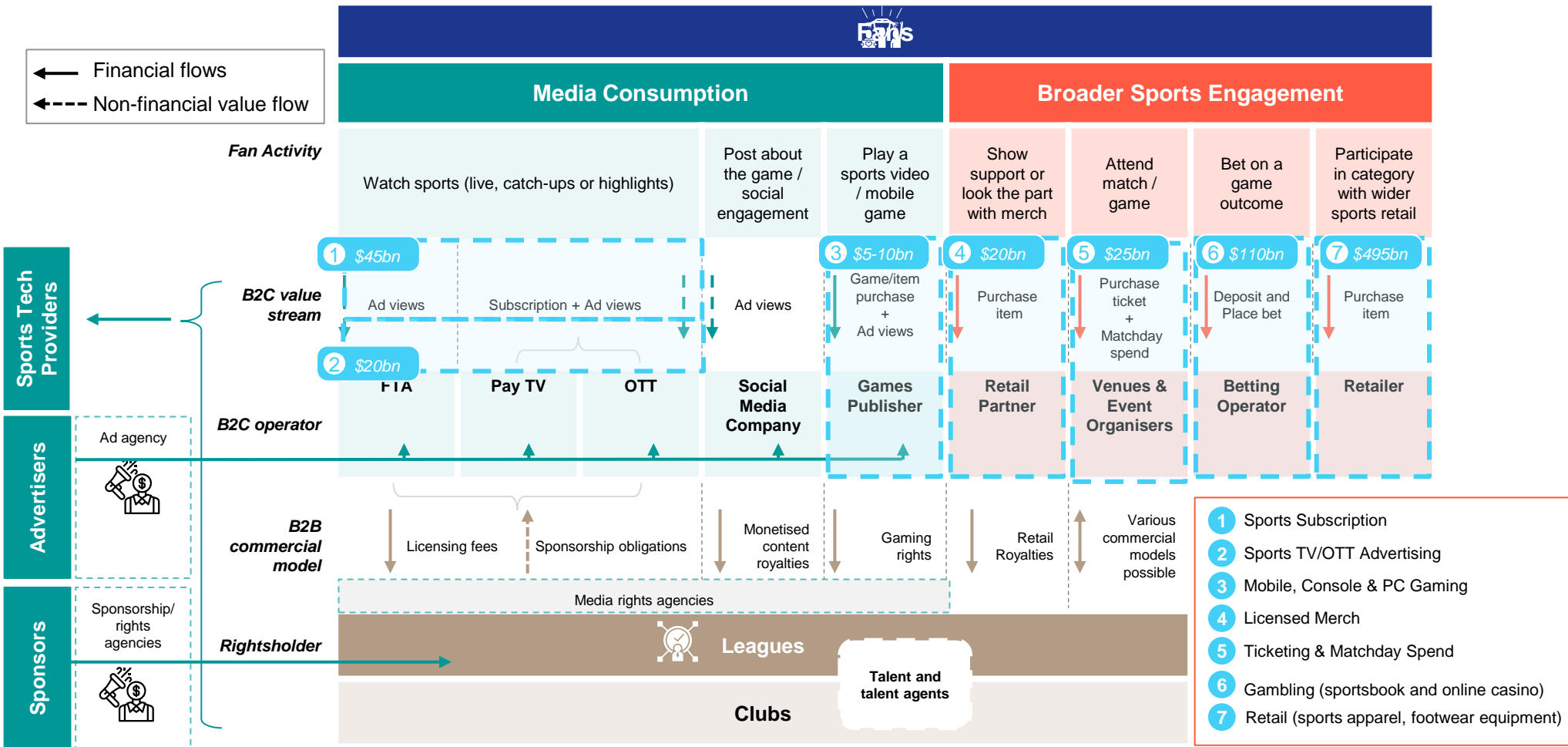
- - - Input into

Working directly on D2C

Incentized/ involved in D2C

# Despite these challenges, there is a vast and complex ecosystem for rightsholders to exploit...

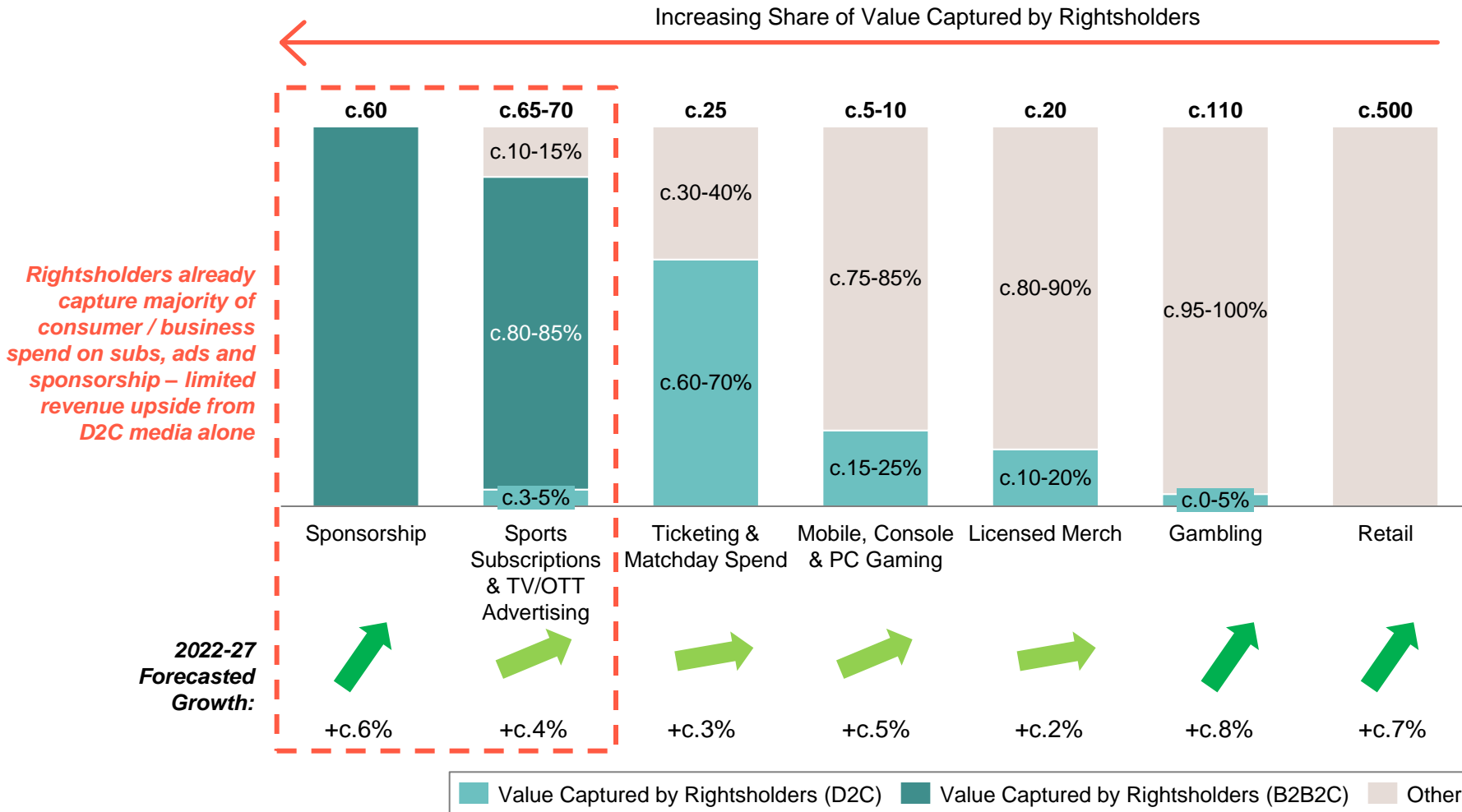
## Sports Media, Retail and Leisure Ecosystem Overview



# ... with very little upside for rightsholders trying to exploit media revenue – there is significantly more to play for further afield

Rights Holders Value Capture of Estimated Global Sports Market Value, 2022 (\$bn)

Global Estimates Exc. China & Russia



Source: OC&C experience & analysis

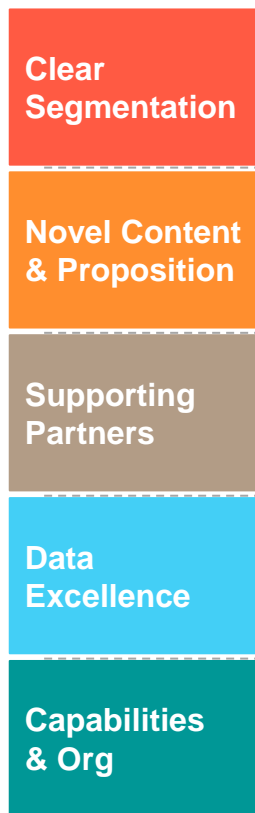


# Learnings from sport and beyond help to surface the kinds of themes that should be front-of-mind when considering a D2C strategy

## Takeaways

D2C media in sport will continue to have its place...

... but a clear and effective D2C strategy will require bold choices across several dimensions



- Size and nature of fan base will vary by geo – **D2C strategies need to be market-specific** and tailored to local market needs (eg to increase reach, drive engagement, and/or monetise different fan segments)
- **Offer something distinctive** that fans can't access elsewhere – *exclusive content, gamification, merch...*
- **Bundle value** – media alone is rarely enough
- **Accept that you can't always migrate the fans** across platforms – you might need to meet them 'where they are'
- **Don't be afraid of platform deals** – often the best way to maximise reach – **though be mindful of data implications**
- **Develop a concrete fan data strategy** – what will it be used for? (eg 3P activations, cross-sell, content recommendation engine)
- Design data capture mechanisms **in keeping with the strategy** – make it feel coherent
- **Identify the missing capabilities** – and work out whether to buy, build or partner
- **Explore 'unconventional' skill sets** in the team
- **Consider top-down org structure**, and where D2C needs to 'sit'

## Case Studies

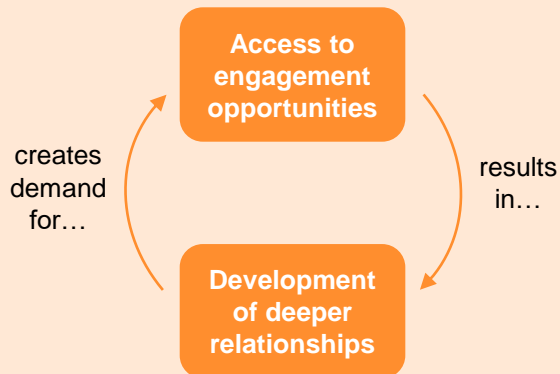


# Segmentation: The music industry is increasingly focusing on maximising the monetisation potential of its most devoted ‘superfans’

## Music Industry ‘Superfans’ Case Studies




### The music industry is realising the potential of the ‘superfan’...

- Within the music industry, **superfans have previously been under-monetised**, and not offered enough opportunities for reaching their full spend potential
- Various platforms are now emerging to **tap into this market**, and support further monetisation opportunities through a **virtuous cycle**:



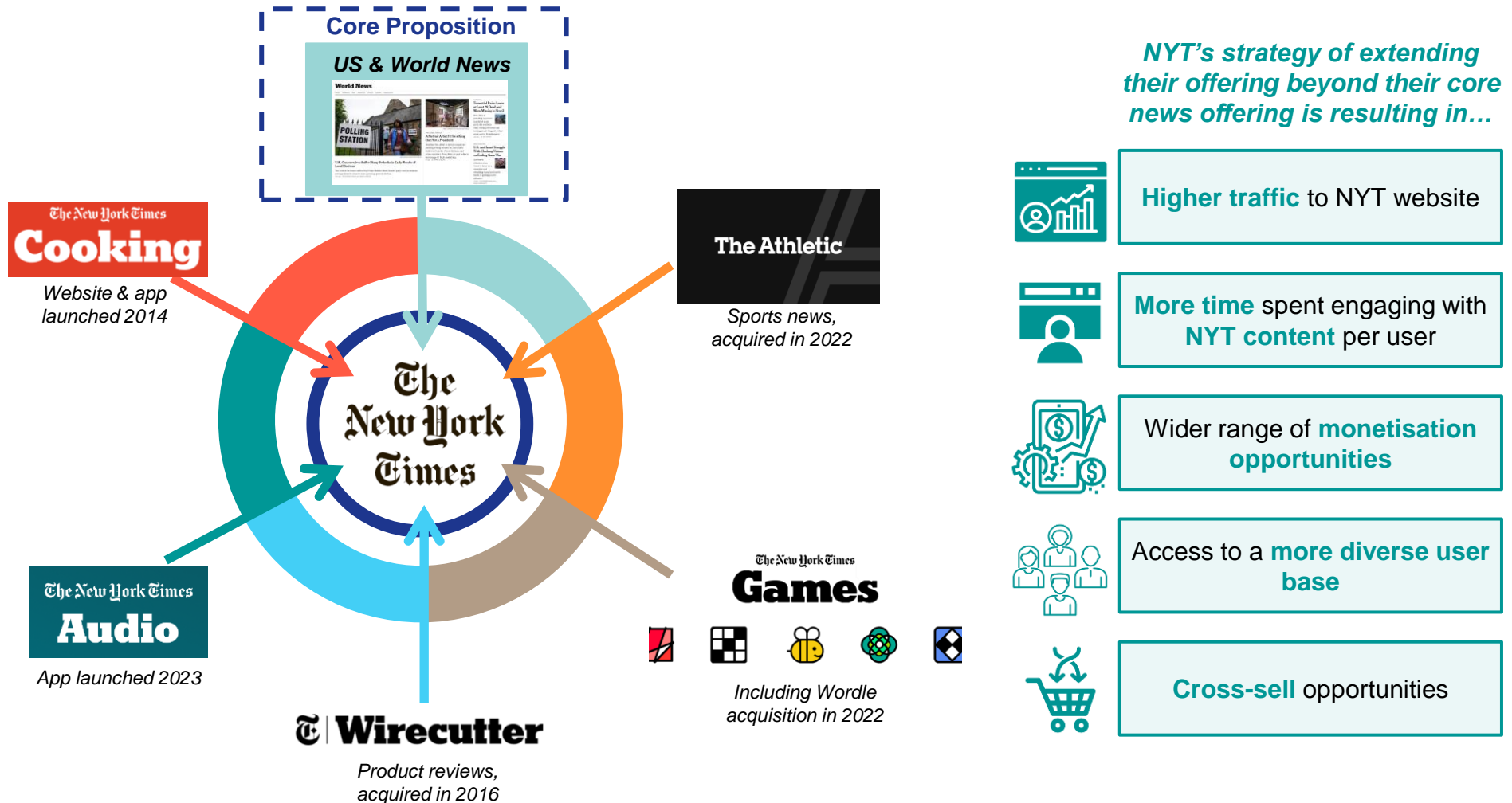
- Access to content is through a **mix of subscription and non-subscription methods**, to maximise spend per fan

### ... with various platforms successfully providing superfans opportunities for higher engagement and spending

	Description	Offering	Success
	<ul style="list-style-type: none"> <li>• Owned by Hybe, Weverse is an app and web platform that creates a global fan community</li> <li>• Currently focused on K-Pop artists</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Exclusive artist content:</b> e.g. music videos, teasers, live streams</li> <li>• <b>News &amp; articles</b></li> <li>• <b>Direct artist interactions:</b> private messaging, fan letters</li> <li>• <b>Merchandise</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>&gt;100m downloads</b></li> <li>• <b>&gt;10m MAUs</b></li> <li>• <b>&gt;\$50m annual revenue</b></li> </ul>
	<ul style="list-style-type: none"> <li>• Designed for artists to connect directly with fans</li> <li>• Offers artists a greater share of earnings vs traditional streaming platforms</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Early access:</b> to music releases, merchandise and tour tickets</li> <li>• <b>Virtual events:</b> e.g. meet and greets, listening sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Current waitlist of <b>4,000+ artists</b> wanting to join the platform</li> </ul>
	Warner music group are also currently developing a similar app to offer more content for ‘superfans’, who they believe are currently under-monetised in the music industry		

# Content & Proposition: The New York Times have successfully diversified their content and created a broader proposition to improve engagement

## Case Study: New York Times

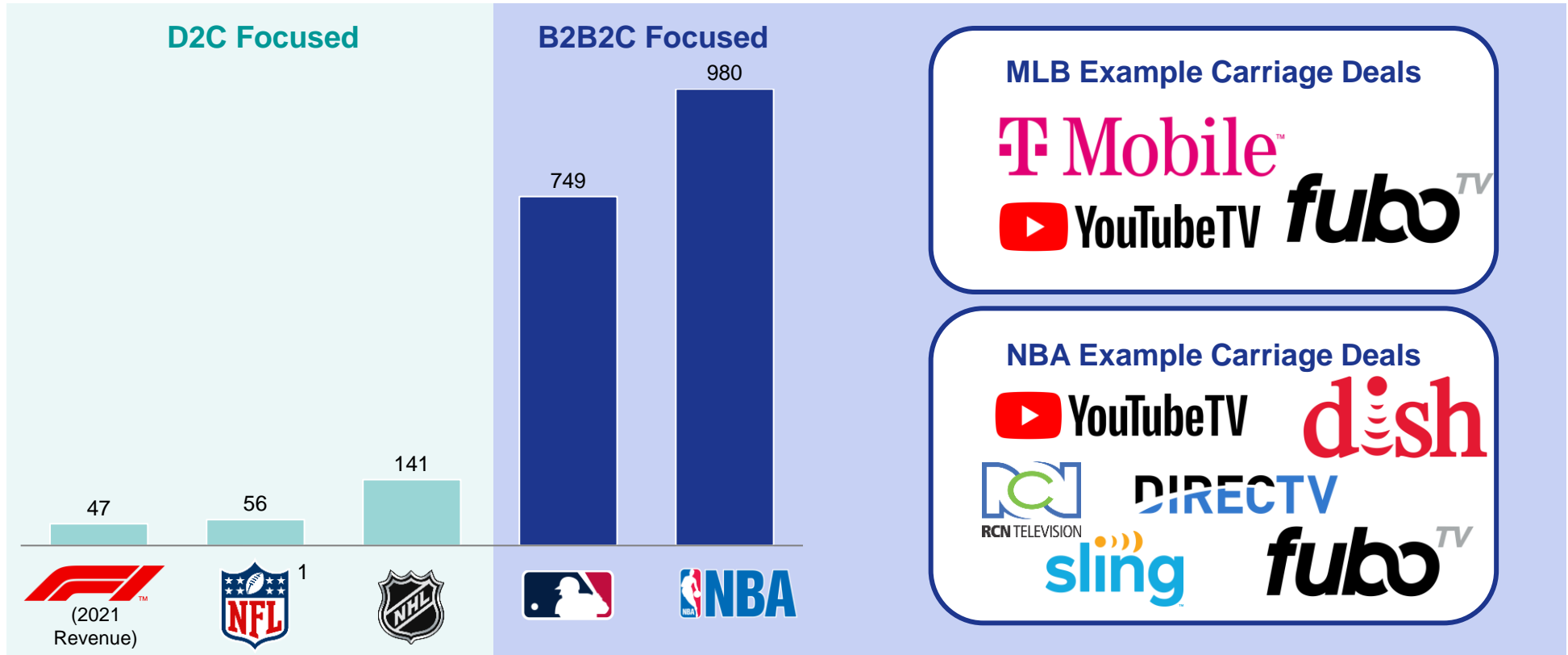


Source: OC&C analysis



# Supporting Partners: The largest rightsholder 'D2C' platforms are those which have leveraged third party distribution to broaden their reach

2023 Revenue of Sports Subscriptions (\$m)



A **B2B2C strategy using carriage deals** can allow rights holders to **leverage well-established distribution networks**, increasing the **reach of their content** and the **revenue** that they can generate

1. Includes revenue from both NFL+ and the NFL Game Pass (distributed by DAZN)  
Source: Omdia, OC&C analysis



# Data: Most rightsholders have not yet ‘cracked the code’ around fan data – but we see others using creative techniques to capture and leverage 1P data

## 1P Data Case Studies



<b>Consumer Proposition</b>	Loyalty programme to drive D2C purchases via exclusive offers (eg fast shopping) and discounts	Map My Fitness – workout tracker and planner	Run planning, coaching and tracking (inc. leaderboards and comparison)	<b>Takeaways</b> <ul style="list-style-type: none"> <li>✓ <b>Don't capture data for data's sake</b> – identify what you want to do with it, and work backwards from there</li> <li>✓ Create a <b>compelling value exchange</b> – give them a reason to offer up their data</li> <li>✓ <b>Integrate with 3P data sources</b> where possible &amp; relevant...</li> <li>✓ ...but <b>invest in the tech to build a single customer view</b> – the right Customer Data Platform (CDP) is key</li> </ul>
<b>Data Captured</b>	Basic parent & child demographics and profiling	Broad spectrum of health and activity data – proprietary (workout tracking) + integration with OS health apps		
<b>Deployment &amp; Monetisation</b>	Increases share of wallet + drives consumers towards D2C (higher gross margin)	Personalised shopping recommendations	Personalised shopping recommendations + informs product placement deals in coaching videos	



If you'd like to discuss these topics further, we'd love to hear from you!



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# Segmentation: D2C propositions need to be aligned with broader strategic priorities of the IP owner

## Goals of D2C Activities

### Increasing Level of Fan Engagement

#### Building Awareness

- Focus of D2C strategy on building general awareness and interest in sports
  - Driving number of casual fans
    - Significant social media & online push as well as storytelling to drive awareness across previous non-fans
- D2C-focused sports leagues targeting young viewers
- Social- and digital-first approach



#### Converting Casual Interest to Deeper Engagement

- Casual fans typically engage strongly with the talent, competitive narrative and the sporting occasion for social reasons
  - Engagement on social media can be pushed actively
- Leveraging existing rights & experience in social media for advertisers to attract & engage with new customer groups on social media



#### Super-Serving Hardcore Fans

- Exploring further opportunities with highly-loyal 'hardcore' fans
  - Monetizing D2C content tailored to needs of strongest supporters
    - LaLiga Fan Zone as loyalty scheme to push engagement
    - Pushing clubs to engage through e.g. behind the scenes content
- Ecosystem connecting Volleyball fans with the sport
- Aggregating rights & relevant adjacencies for fans



#### Full Spectrum Coverage

- Bundle of products and services covering full spectrum of fan interests
- Wordle acquisition most notable recent move – broadening audience touchpoints and increasing share of time spent on NYT properties



# Content & Proposition: La Liga+ has aimed to broaden content, partly working with clubs, and harmonised data collection across properties

## Case Study: LaLiga+

### LaLiga+ now holds rights for 30+ different sports...

- Some of the more niche ones are offered for **free with ads**:



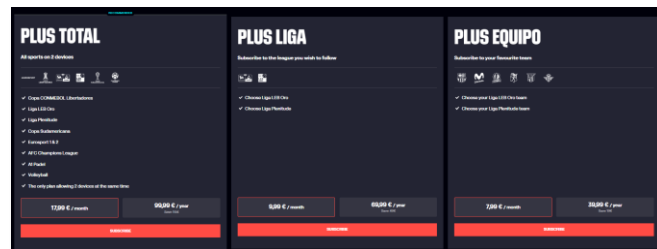
- And the more valuable ones are available on a **subscription basis**, with packages varying from 'Plus Equipo' for the matches of one team, to 'Plus Total' which includes all the paid rights

#### Example Sports Available with a Subscription:



International Football

Domestic Spanish Leagues



Example LaLiga+ Subscription Packages

Source: OC&C analysis

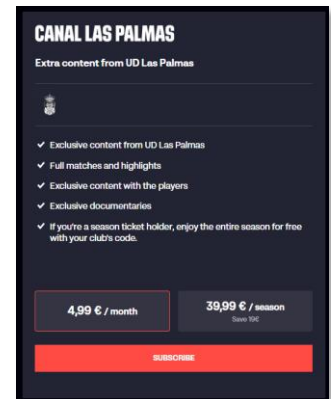


### ... is trying to engage clubs to participate on the platform...

- LaLiga+ hosts **dedicated club portals** for LaLiga clubs, where fans can subscribe to access **behind the scenes clips, match highlights and original documentaries**, with free access for season ticket holders

– The **clubs retain the rights** to this content

– However, so far only 4 clubs have agreed to be integrated into the platform, and only UD Las Palmas has established their portal



UD Las Palmas Channel Subscription Options

### ... and is integrating it into the broader La Liga digital space to aide data collection.

- The login for LaLiga+ also works for the La Liga fan website (has games, prize draws etc), as well as LaLiga Fantasy:



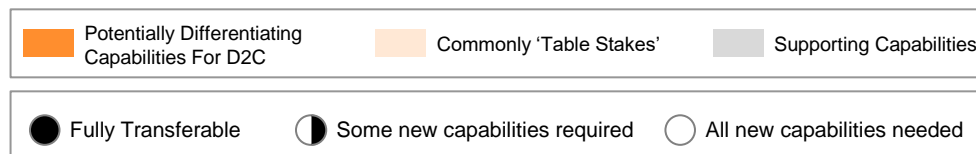
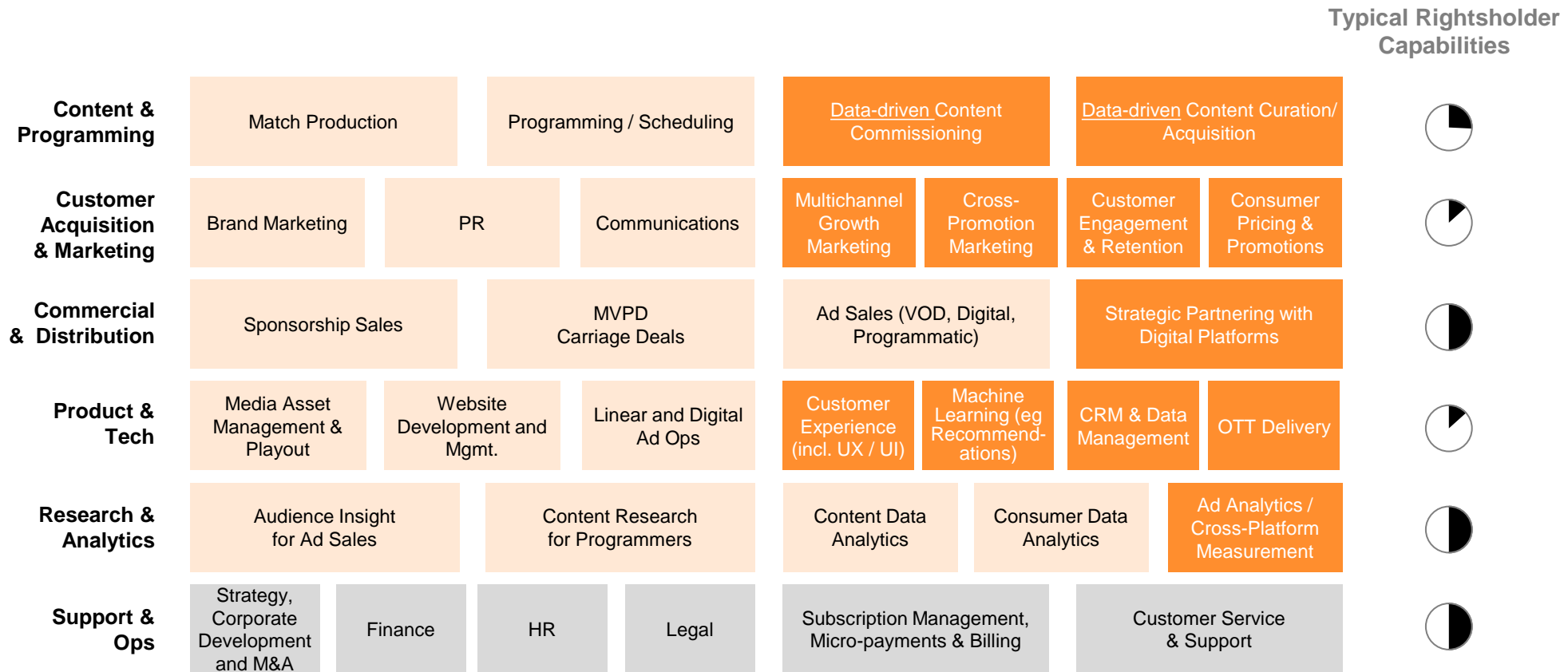
LaLiga Fan Website



LaLiga Fantasy

# Capabilities & Org: Media orgs often underestimate the investment & time required to build the capabilities and cultural enablers required for D2C

## Relevant Capabilities for D2C Media



Source: OC&C analysis

