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Sports Participation, Viewing and Emerging Patterns of Consumption

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The nature and opportunities present for sport codes and sport broadcasters is changing with an evolving media landscape

When the Melbourne Storm salary cap issue blew up last week – it was not just about Melbourne Storm – it was not only about the NRL – it was a clear reminder that sport today is big business – it's about money.

Just as we all know there is no Santa Claus, everyone in this room knows sport is big business.

The very public exposure of Melbourne Storm breaking the salary caps raises issues of how sport is financed, managed, and governed as well as issues around reputation – of Melbourne Storm, News Limited, NRL and the other sponsors.

With changes in traditional media it is not surprising that News Limited would own Melbourne Storm or 50% of the NRL. Sport is just another medium – or channel to market. Just like newspapers, magazines and any other medium sport is about numbers – audience numbers and the 'opportunity to see'.

And like any other medium it's not only about eyeballs – it's also about enjoyment, engagement, reputation and accountability.

It is well known that Readers Digest refused to take advertising for cigarettes as soon as there was any suggestion that smoking could cause cancer, it is as well known that Kodak took family values very seriously and refused to be associated with anything that was not clearly 'family' and espousing family values.

Thirty years ago Kraft had their advertising agency JWT vetting Hollywood scripts to ensure there was nothing in the script that Kraft would not want to be associated with.

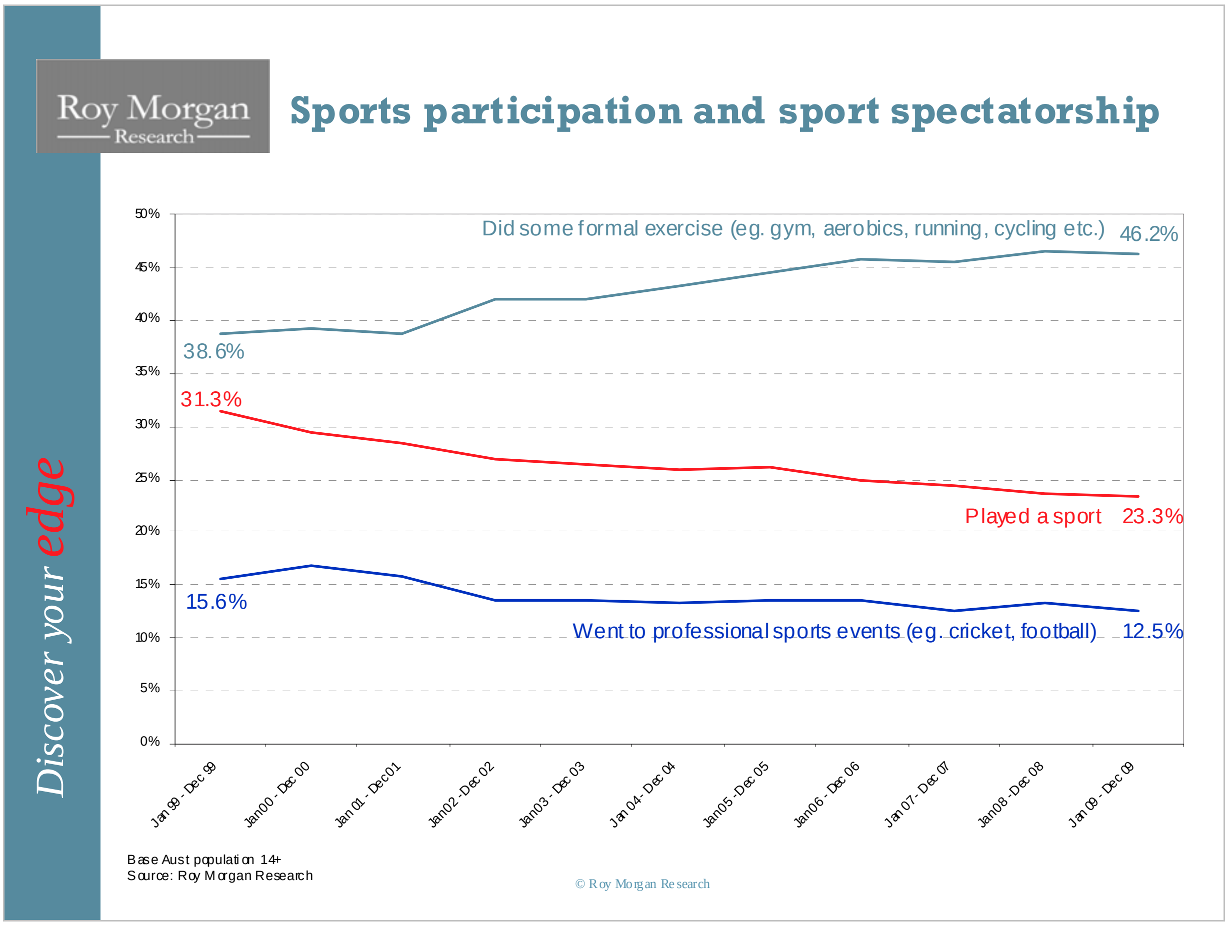
How do major sponsors and associated sports feel about the Salary Cap debacle and the NRL? How do they feel about athletes using drugs and at the Olympic Games? Or Tiger Woods and golf?
In all these cases – sponsors have dropped off – even though it is too early for the sponsors to measure accurately how their customers, stakeholders and the public feel.

One thing we do know about sport sponsorship is that it is a long term thing, and the benefits and dangers of sponsorship will linger well past the cessation of the contract. For instance, when Emirates took up naming rights of the Melbourne Cup it took more than two years for the public to associate the Melbourne Cup with Emirates ahead of Foster's.

Similarly for Kia and tennis. For the first three years after Kia sponsored tennis Ford remained more highly associated with tennis than Kia.

The nature of, and opportunities available for, sport codes and sport broadcasters are changing with an evolving media landscape and indeed with the changing leisure landscape.

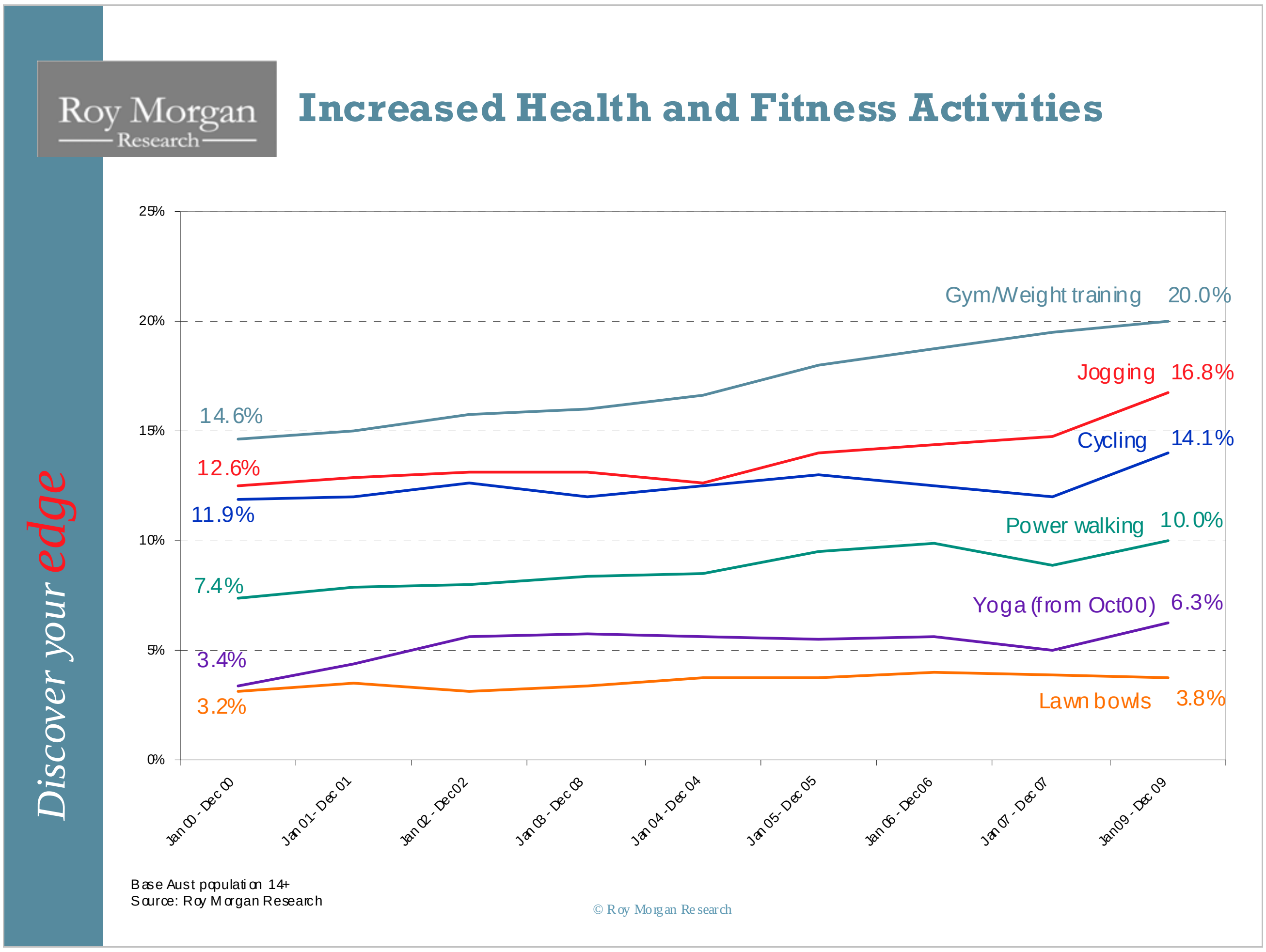
Over the last ten years, Roy Morgan Research has measured a steady decrease in sport participation and attendance at sporting events. While there are individual events and sports that may have experienced increased attendance, as a nation Australians are participating in and attending less sport.



The leisure patterns of Australians have moved more toward individual health and fitness regimes rather than participating in team sport. We have also seen a shift towards on-line engagement and computer games.

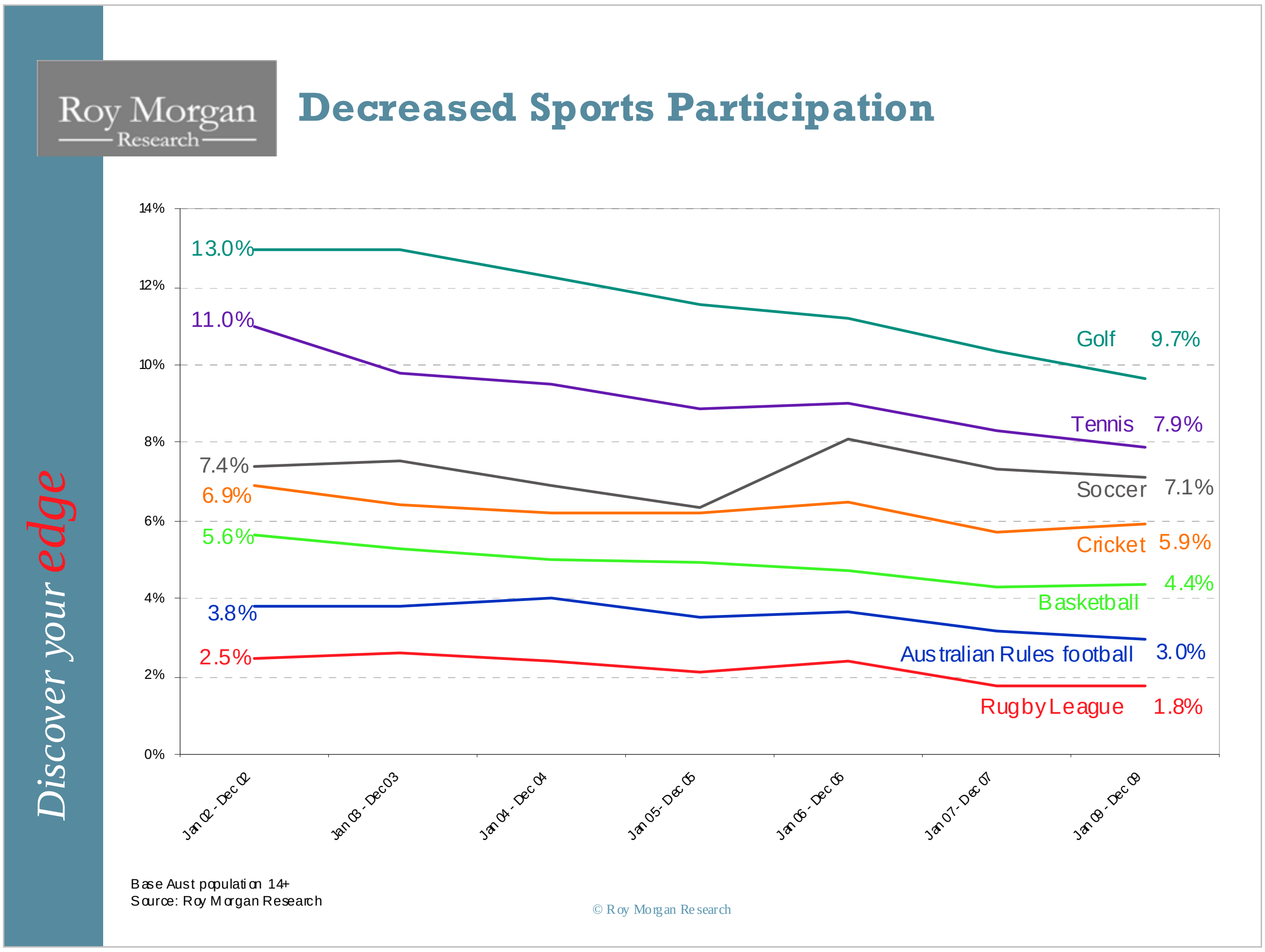
We have seen an increase in the incidence among Australians aged 14 plus of:

- Gym/weight training from 15% ten years ago to 20% now
- Jogging 13% to 17%;
- Cycling 12% to 14%;
- Power walking 7% to 10%;
- Yoga 3% to 6%; and
- Lawn bowls has increased no doubt due to the aging population.



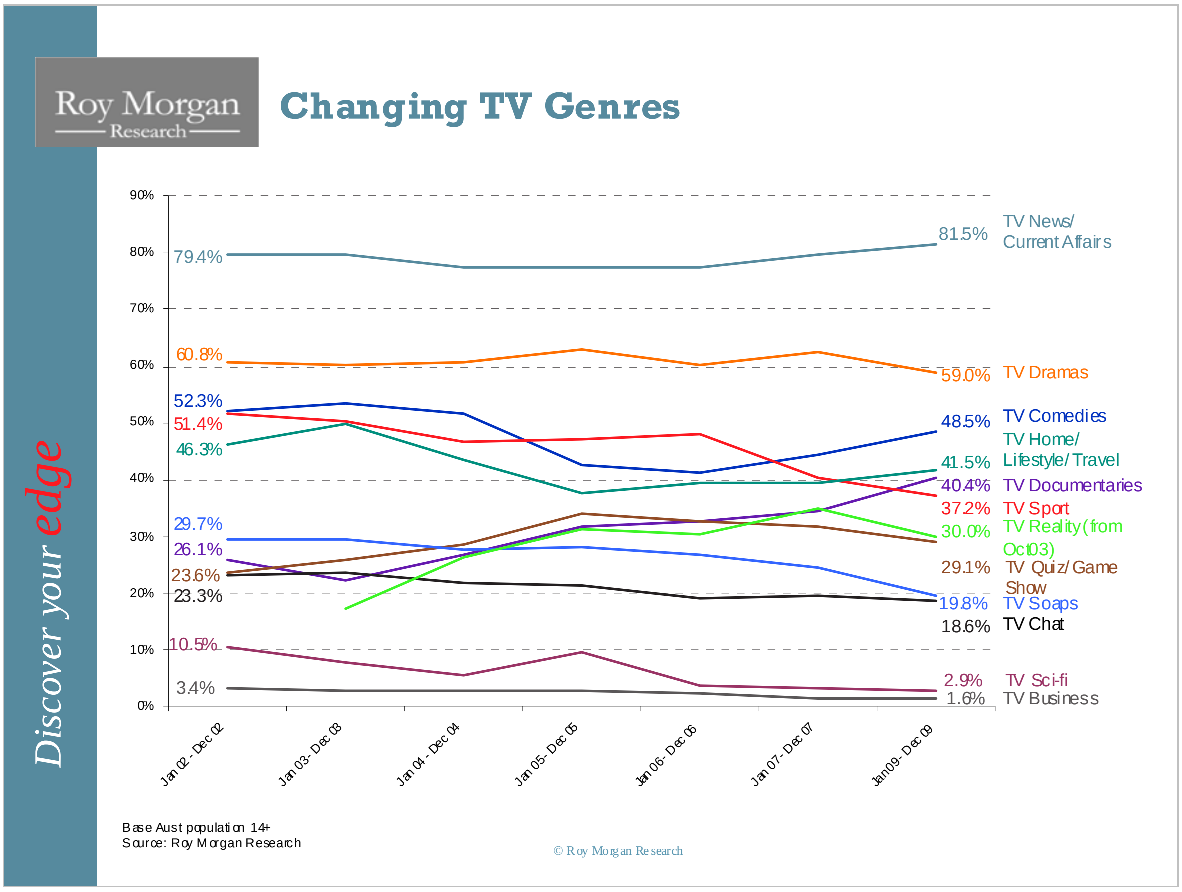
During the same ten year period fewer Australians are playing:

- Golf from 13% ten years ago down to 10%;
- Tennis 11% down to 8%;
- Cricket 7% down to 6%; and the incidence of football playing is also down.

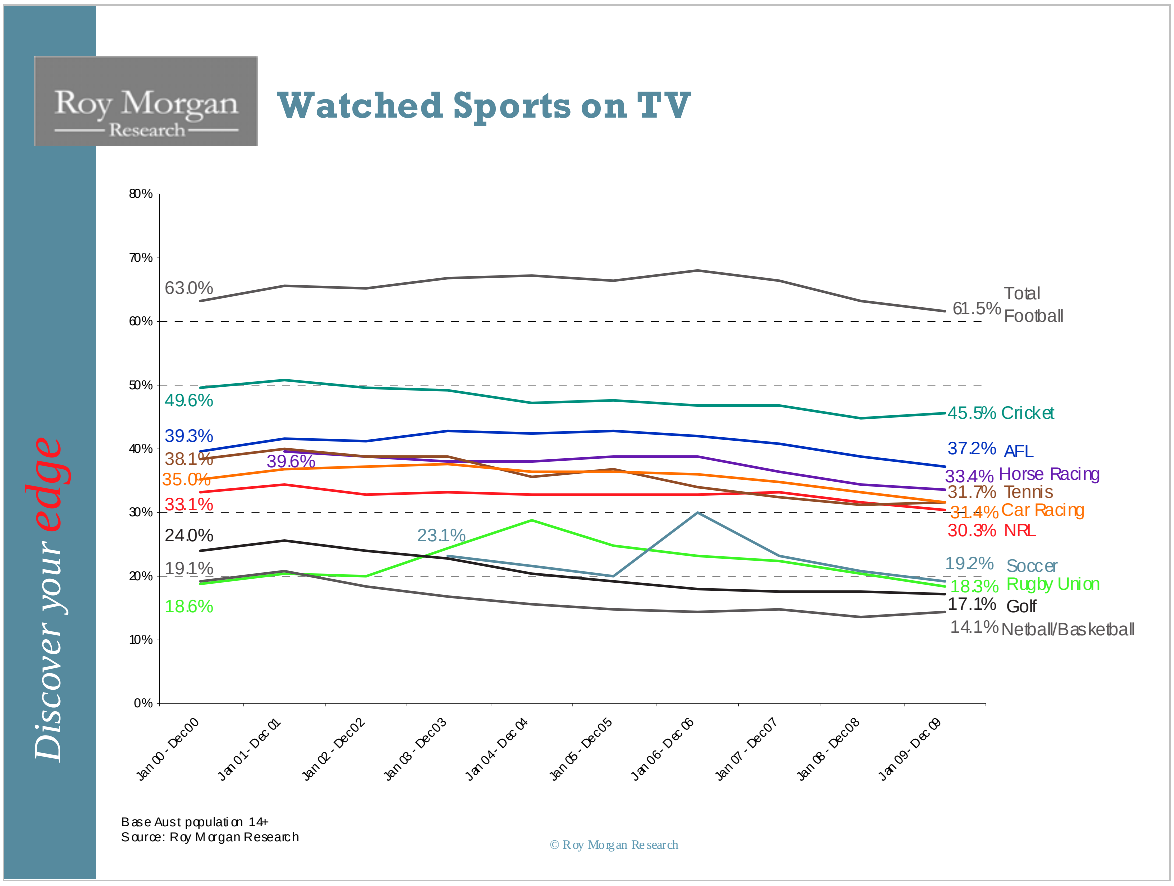


So what about TV viewing of sport? With the advent of pay TV, high definition TV, and more and more special coverage of sport, it would hardly be surprising if TV viewing had increased. There is no evidence of that. In fact the Roy Morgan data on free-to-air TV viewing shows clearly that overall the percentage of Australians watching Sport has declined over the last eight years.

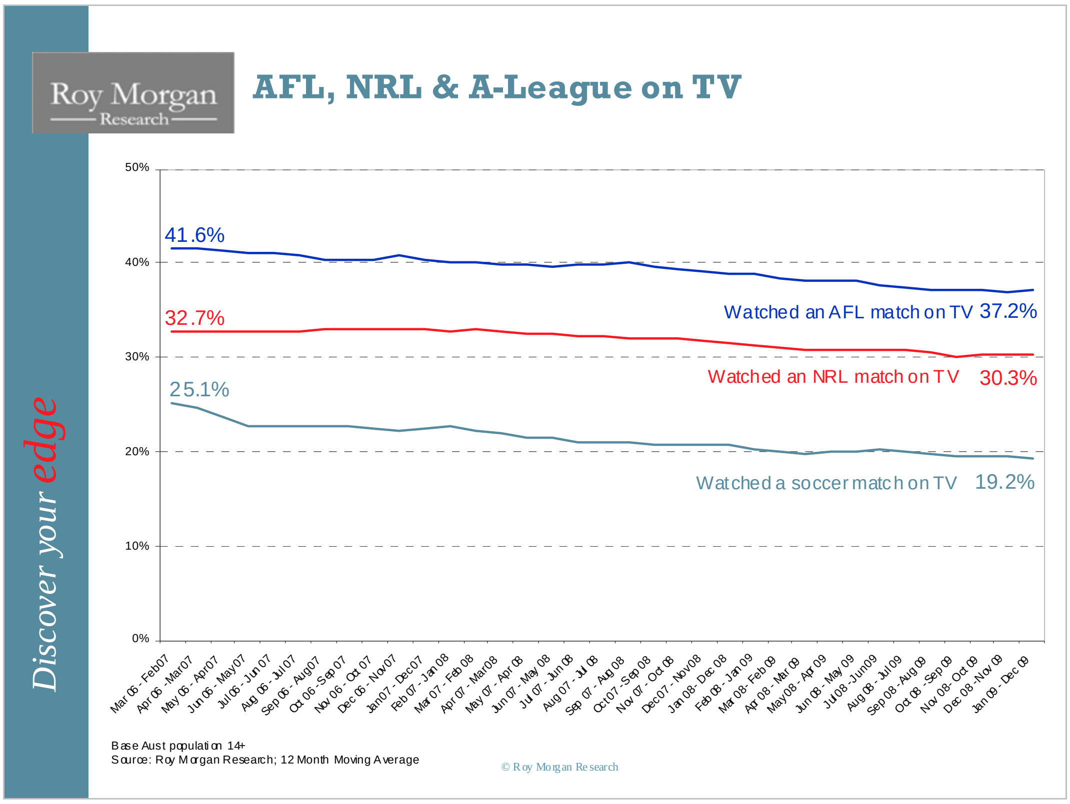
The competition on TV is fierce – areas showing real increases over the same period are News and Current affairs; Quiz/Game Shows, documentaries and Reality TV. In the last three years Comedy and Lifestyle shows also appear to be enjoying a resurgence in popularity.



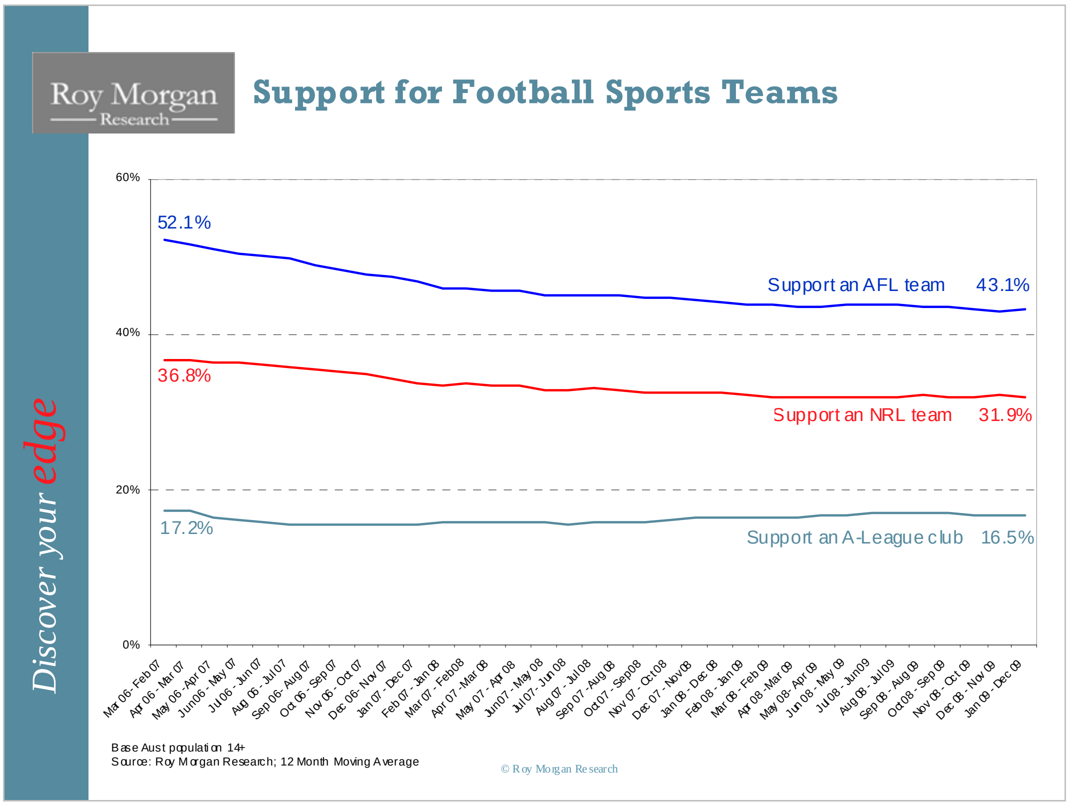
Even when we ask people about the sports they watch on TV (free-to-air or pay TV) at least occasionally, a similar declining picture emerges. Most sports are down – the exception being soccer which peaked during the World Cup nearly 4 years ago.



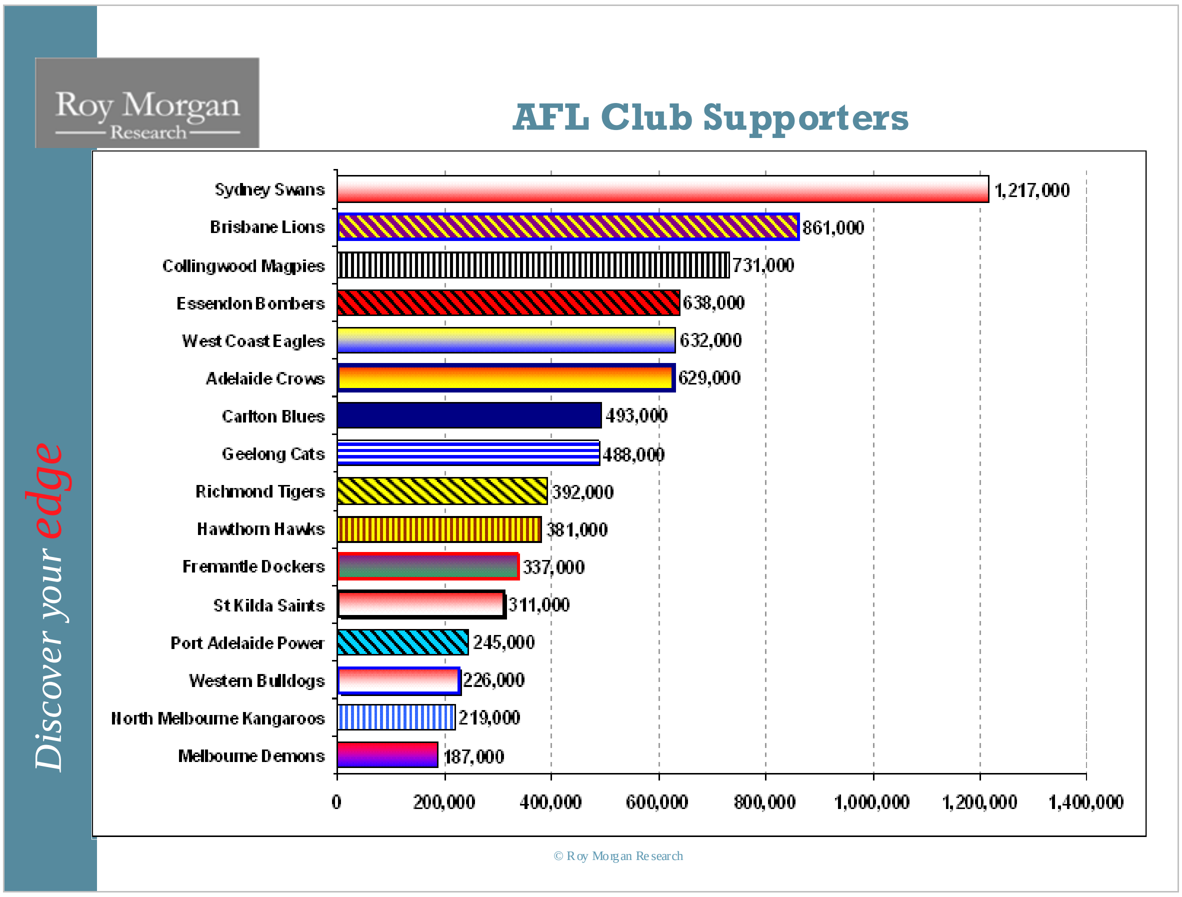
In the last three years the percentage of Australians watching AFL, NRL and soccer matches on TV has decreased, as has support for those codes. Three years ago 42% of Australians told us they regularly or occasionally watched an AFL match on TV, now it is 37%.



Three years ago the majority of Australians (albeit a small majority 52%) supported an AFL team, it is now 43%. NRL support is also down from 37% to 32%.
The AFL remains Australia's best supported football league.



The latest published Roy Morgan Single Source data showed 7,624,000 Australians follow one of Australia's 16 AFL clubs.



This is greater than the support for either of Australia's other two major football leagues with the NRL (5,577,000) and A-League (2,870,000) well behind the AFL in terms of support for teams in their respective leagues.

In terms of clubs the Sydney Swans remain the AFL's most supported team with 1,217,000 (down 61,000 since 2008) supporters Australia-wide. This is the fourth consecutive year that the Sydney Swans have been the most supported AFL team in Australia.

The Brisbane Lions (861,000 supporters, down 60,000) remain in second place followed by Victoria's most supported teams, Collingwood (731,000, up 9,000), and fierce rivals Essendon (638,000, down 84,000). This is the first time this decade Essendon has not been Victoria's most well supported AFL team.

Powerhouses West Coast Eagles (632,000, down 98,000) and Adelaide Crows (629,000, down 1,000) are clearly Australia's fifth and sixth best supported teams, and well ahead of their in-state rivals Fremantle Dockers (337,000, down 6,000) and Port Adelaide Power (245,000, down 80,000).

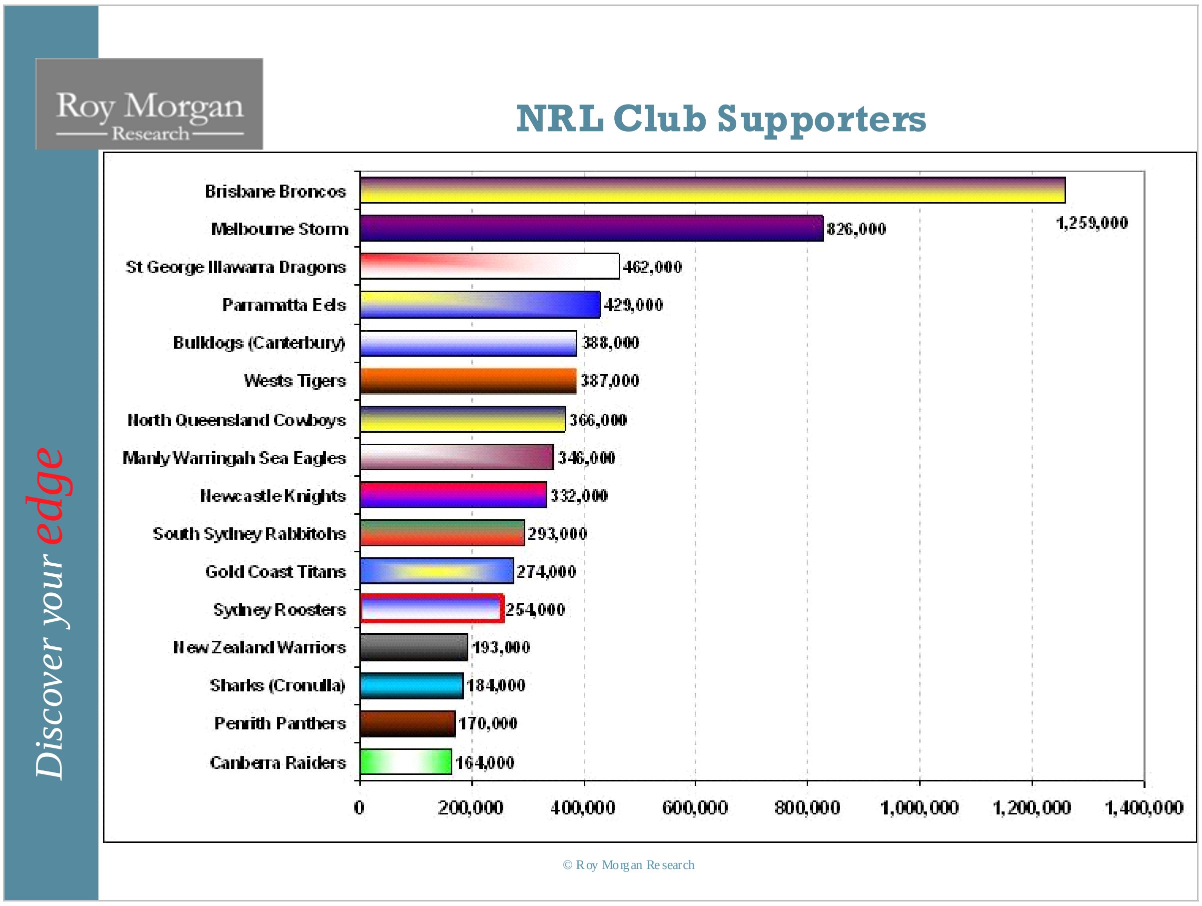
The AFL supporter base decline can be attributed to 'inroads' from other sports and the changes in AFL club dominance.

Over the last few years the Capital City clubs – Sydney Swans, West Coast Eagles, Adelaide Crows and Brisbane Lions have lost their player recruiting advantage due to a fairer draft system and significant caps on player payments.

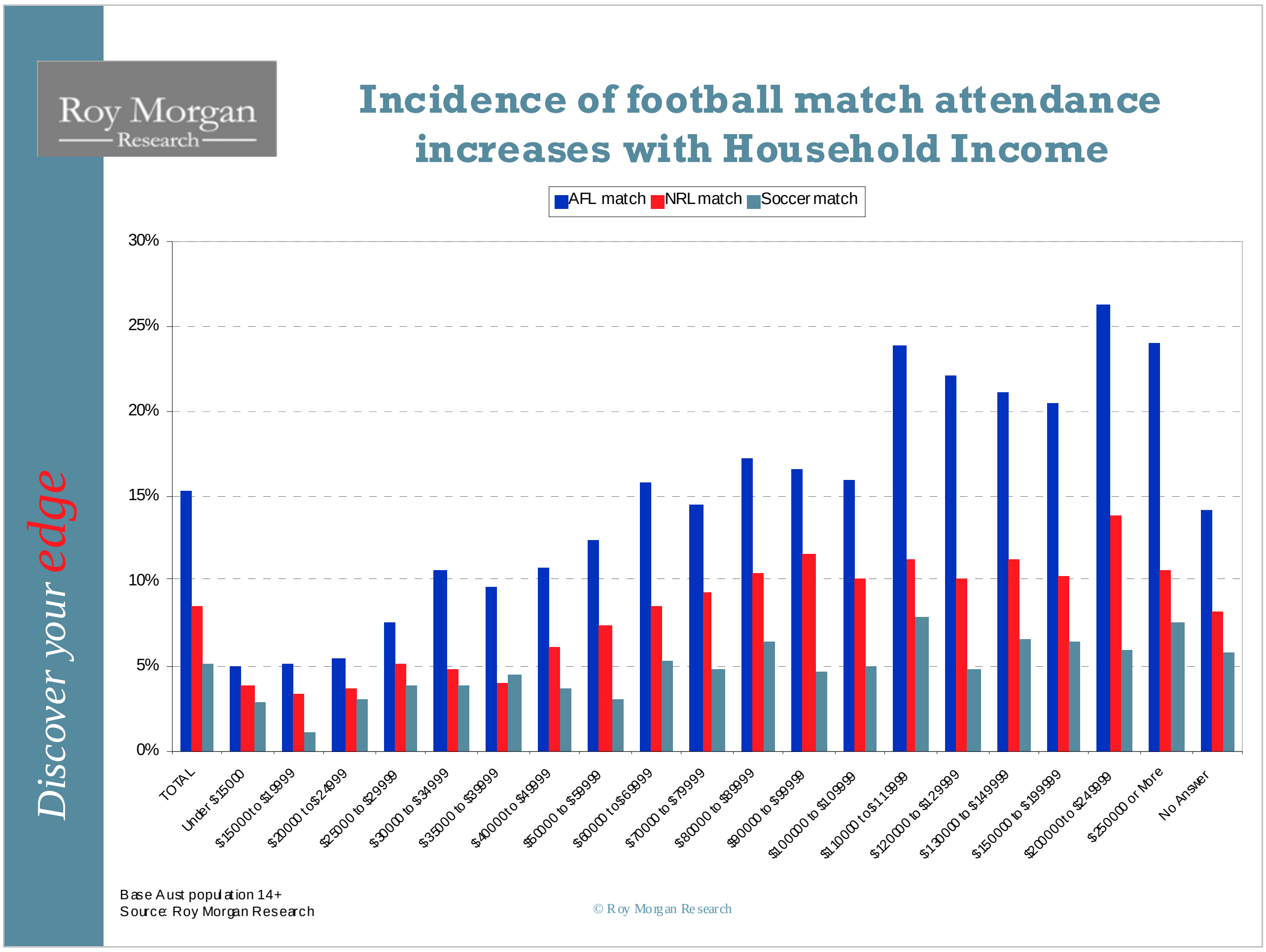
This has meant the resurgence of smaller clubs (in terms of supporter numbers) such as St Kilda, Footscray, Hawthorn and Geelong. The supporter base is strongly associated with success, so fewer wins means fewer supporters and lower ratings -simple!

Combined with Australia making the Soccer World Cup, very different marketing of the NRL, many more international Rugby Union games has changed the 'football' scene completely.

The Brisbane Broncos (1.259 million supporters, down 14,000 from 2008) are the most popular NRL team in Australia. The Brisbane Broncos are Australia's most widely supported sporting club overtaking [AFL club the Sydney Swans (1.22 million supporters)].



We have already seen that attendance at football matches has declined over time. However it is important to recognise the commercial value of the audience - the incidence of football match attendance increases with household income.



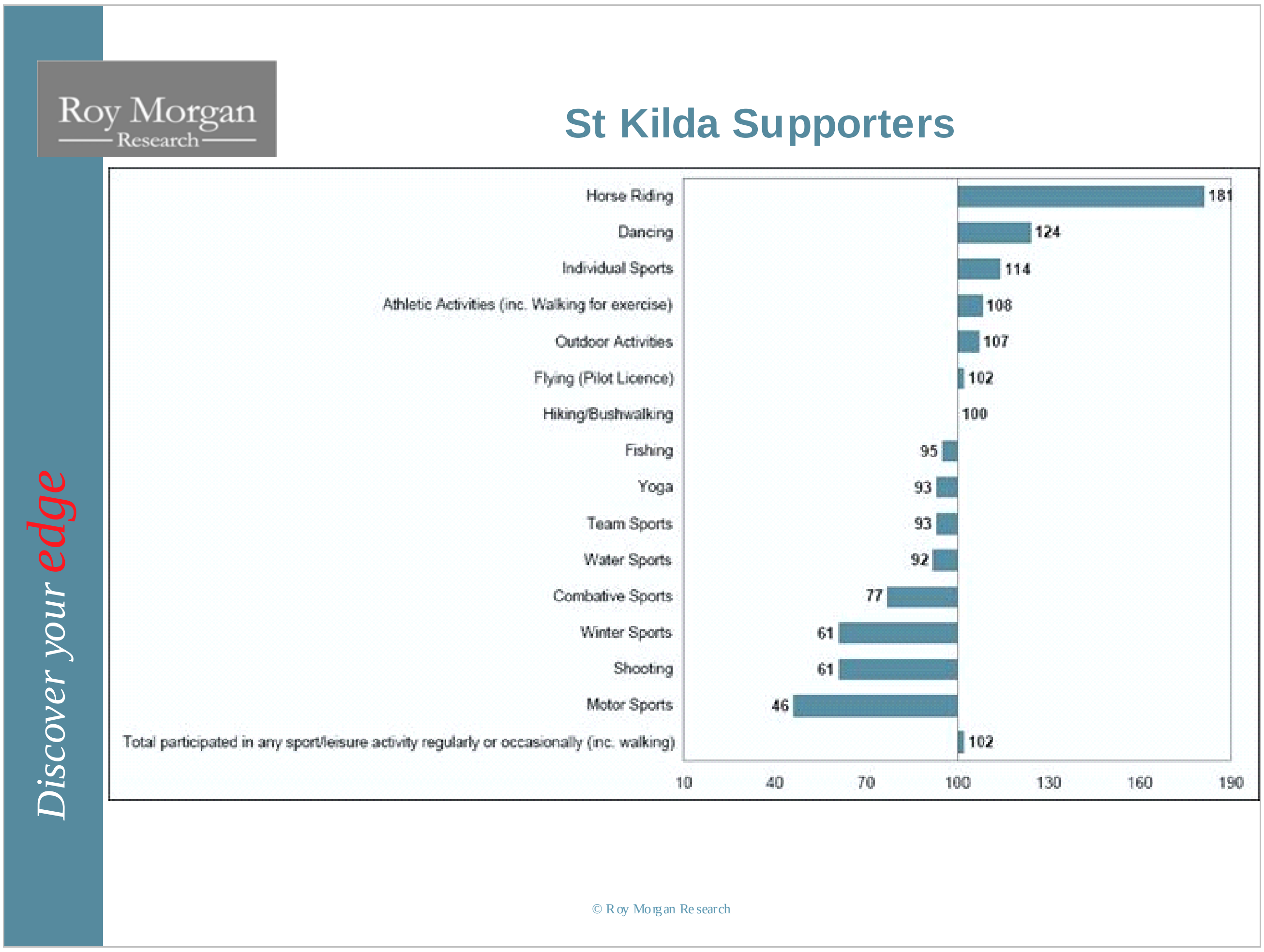
Indeed attendance at almost any sporting event is higher among higher income groups – the exception being cricket.

Importantly for the AFL, many of Australia's 'Big Spenders'* also follow an AFL club. Across the AFL there are 2.933 million supporters of AFL clubs that are 'Big Spenders.'* 4.1 million AFL supporters say they are 'always ready to try new and different products,' 3.2 million enjoy clothes shopping and over a million are 'born to shop.'

Given that 1.2 million AFL supporters have 'no junk mail' on their letterboxes; 4.35 million say 'nearly all TV advertising annoys me!' and 5.3 million say 'Advertising posters in shopping centres and malls don't interest me' AFL sponsorship may well offer a unique way to engage with valuable, difficult to reach customers.

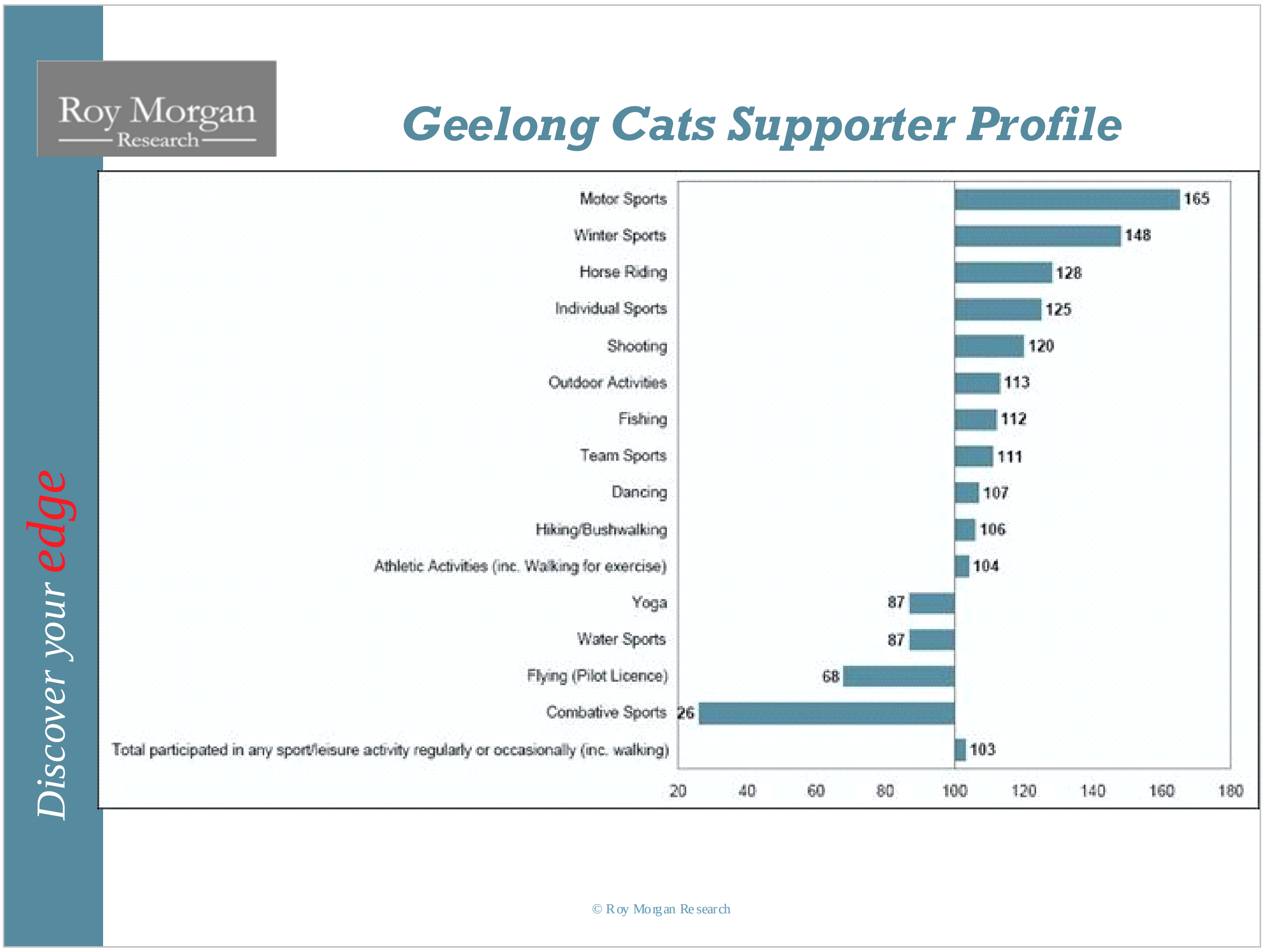
And of course just as all teams are not equal, neither are their supporters. Roy Morgan prepares detailed profiles of supporters of individual clubs – exactly as we do for readers of individual magazines, newspapers and viewers of TV programs. Over a hundred pages detailing the demographic profile of the supporter base, their attitudes to everything under the sun, their buying and spending behaviour and their media usage.

So we see for instance St Kilda supporters more likely than the average Australian to engage in horse riding and dancing**.**



This chart shows the index of St. Kilda supporters compared to the average Australian in terms of the Sports and Activities they participated in. Compared to the average Australian, supporters of St. Kilda are 81% more likely to Horse Ride, 24% more likely to Dance and 14% more likely participate in Individual sports. Conversely, St. Kilda supporters are 54% less likely to participate in Motor Sports than the average Australian and 39% less likely to participate in Shooting or Winter Sports.

Geelong supporters present a stark contrast to St. Kilda supporters when it comes to their other sporting passions. Geelong supporters have strong passions for Motor Sports (65% more than the average Australian) and Winter Sports (48% more than the average Australian) – two sports and activities St. Kilda supporters are well down on.

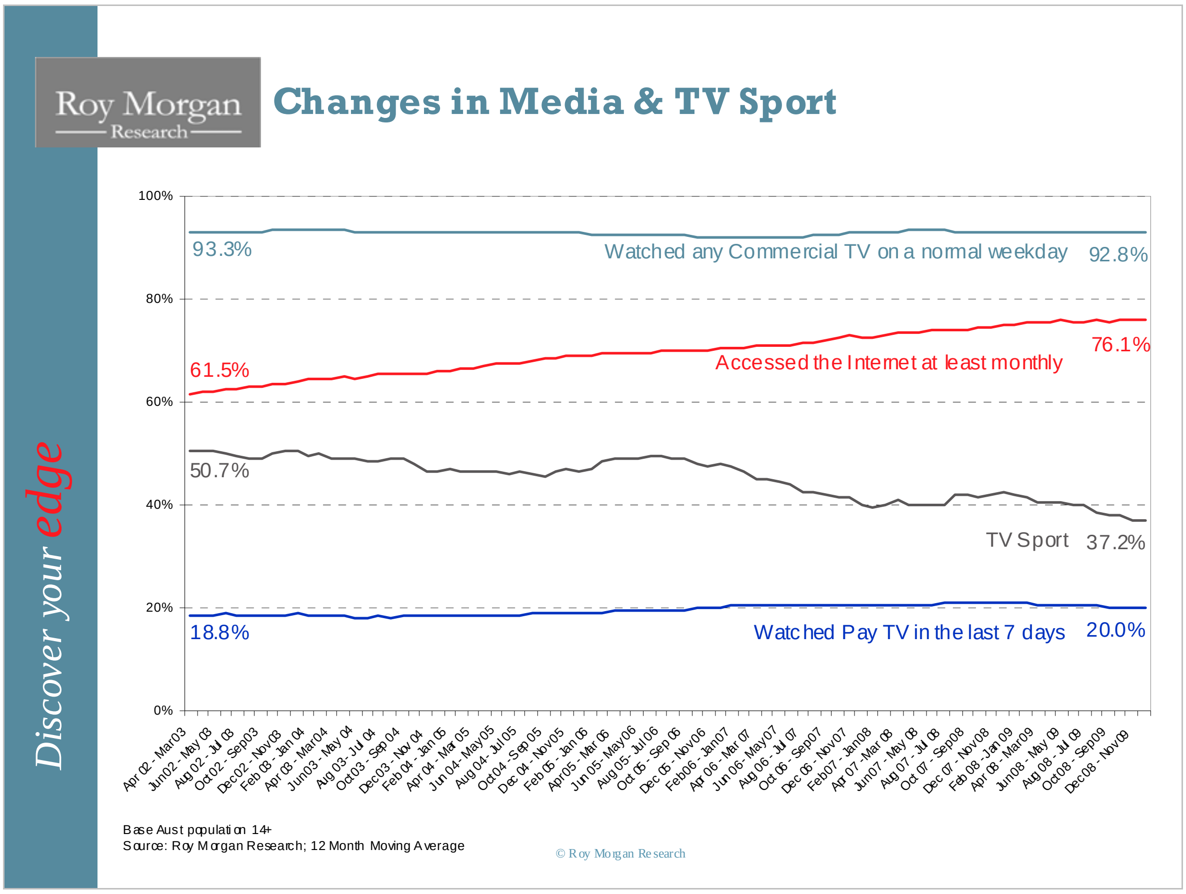


Despite being supporters of a tough team sport — Australian Football — Geelong supporters are a large 74% less likely to participate in Combative Sports than the average Australian and are also less interested in taking to the skies, being 32% less likely than the average Australian to have participated in Flying (Pilot license).

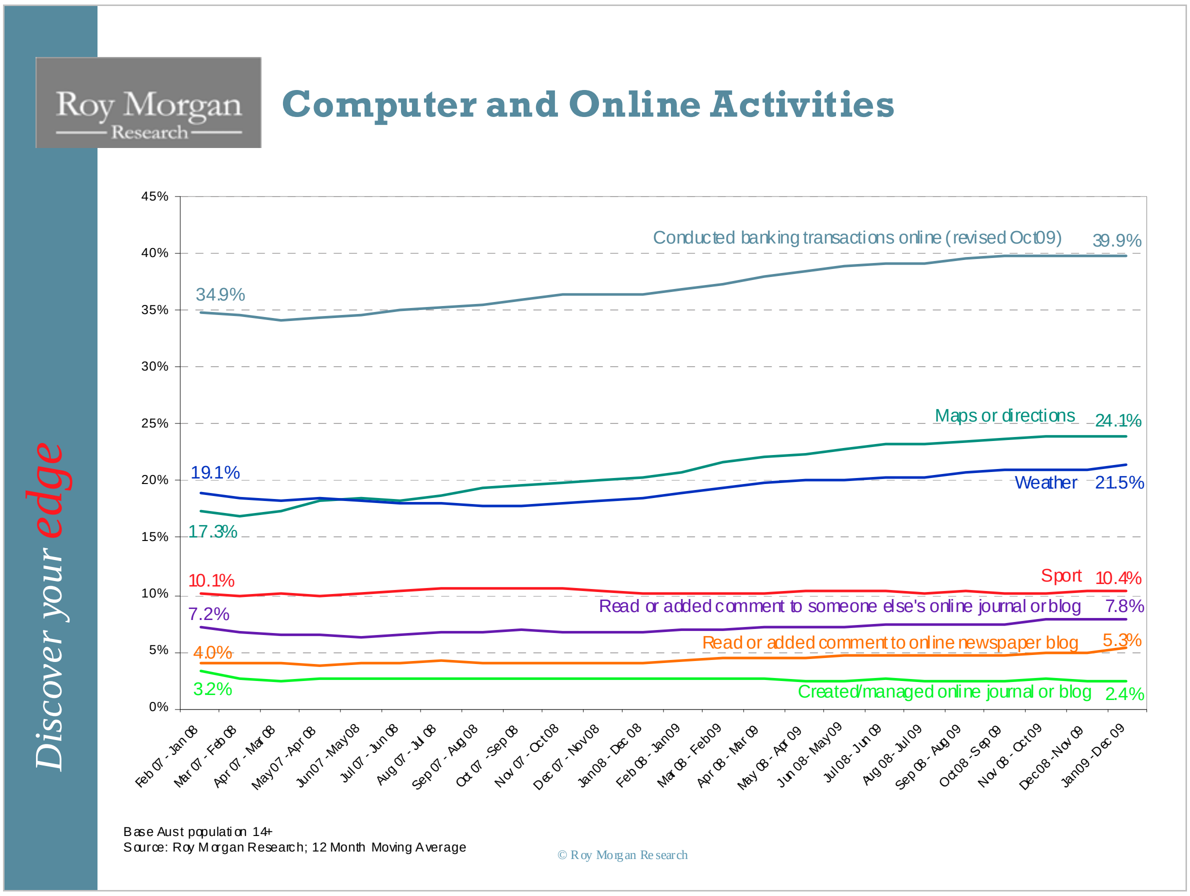
But they are more likely to buy Ford (their sponsor’s car).

Each team has particular characteristics and buying patterns that make it attractive to particular sponsors.

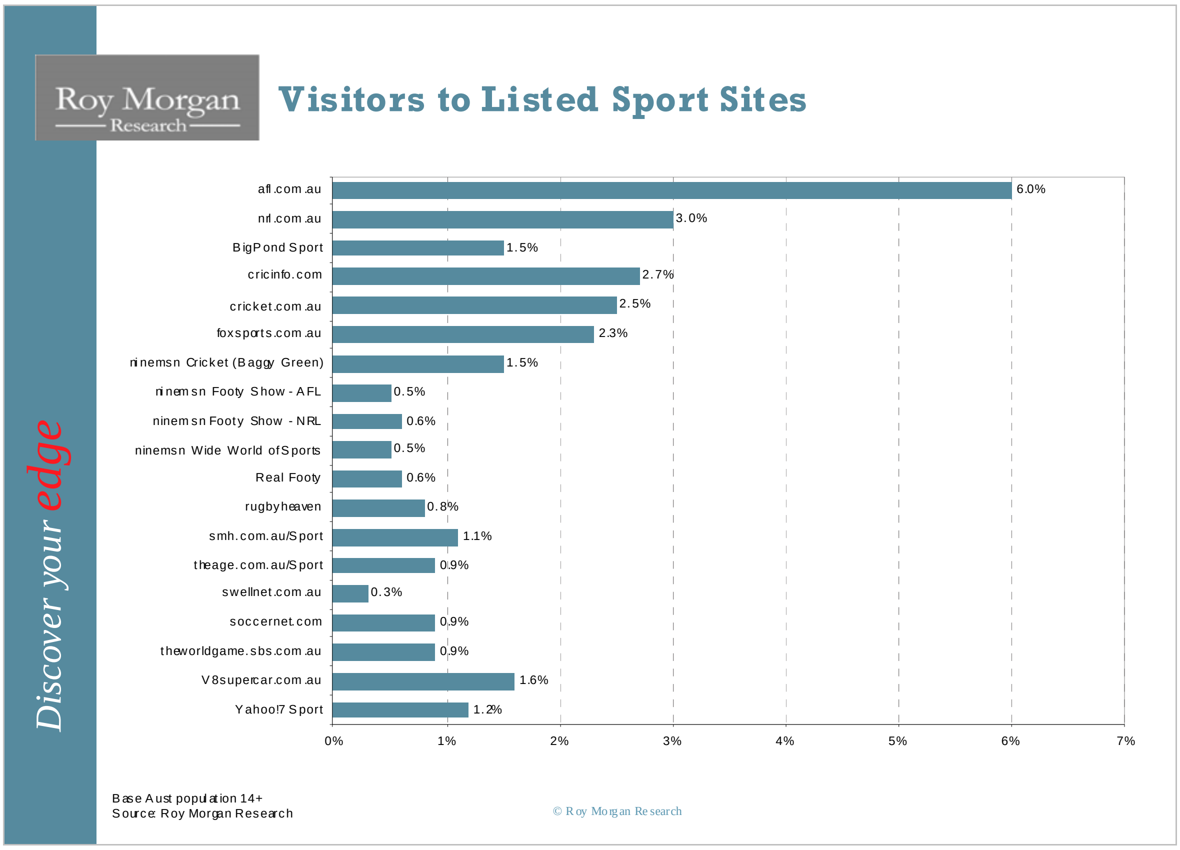
So what about the new media? We have all seen the impact of Internet on traditional media, Roy Morgan Research has published papers claiming and demonstrating that newspapers are transforming – not disappearing – so what about sport?



Australians are using the Internet for many things and 10% report using the Internet for sport. This has been relatively stable over the last few years – while other Internet activities like banking, and looking up maps/directories and weather have increased.



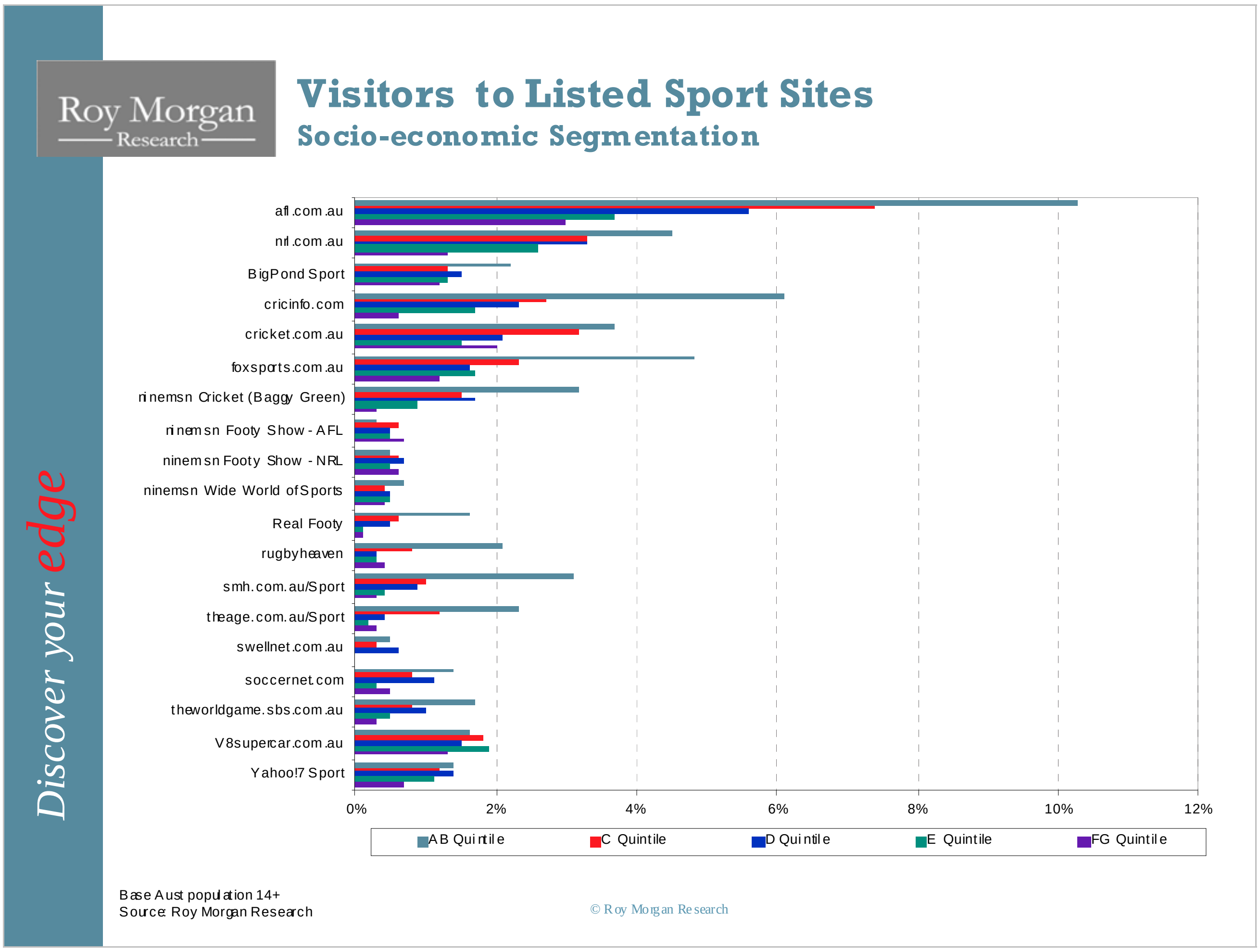
Some 16% of Australians have visited at least one of the sports sites listed in the last month – with Afl.com at 6% being the most popular followed by nrl.com.



Those who visit sports sites are over-represented among those in the top economic quintile (ABs) of whom 26% have visited a sports website in an average 4 week period.

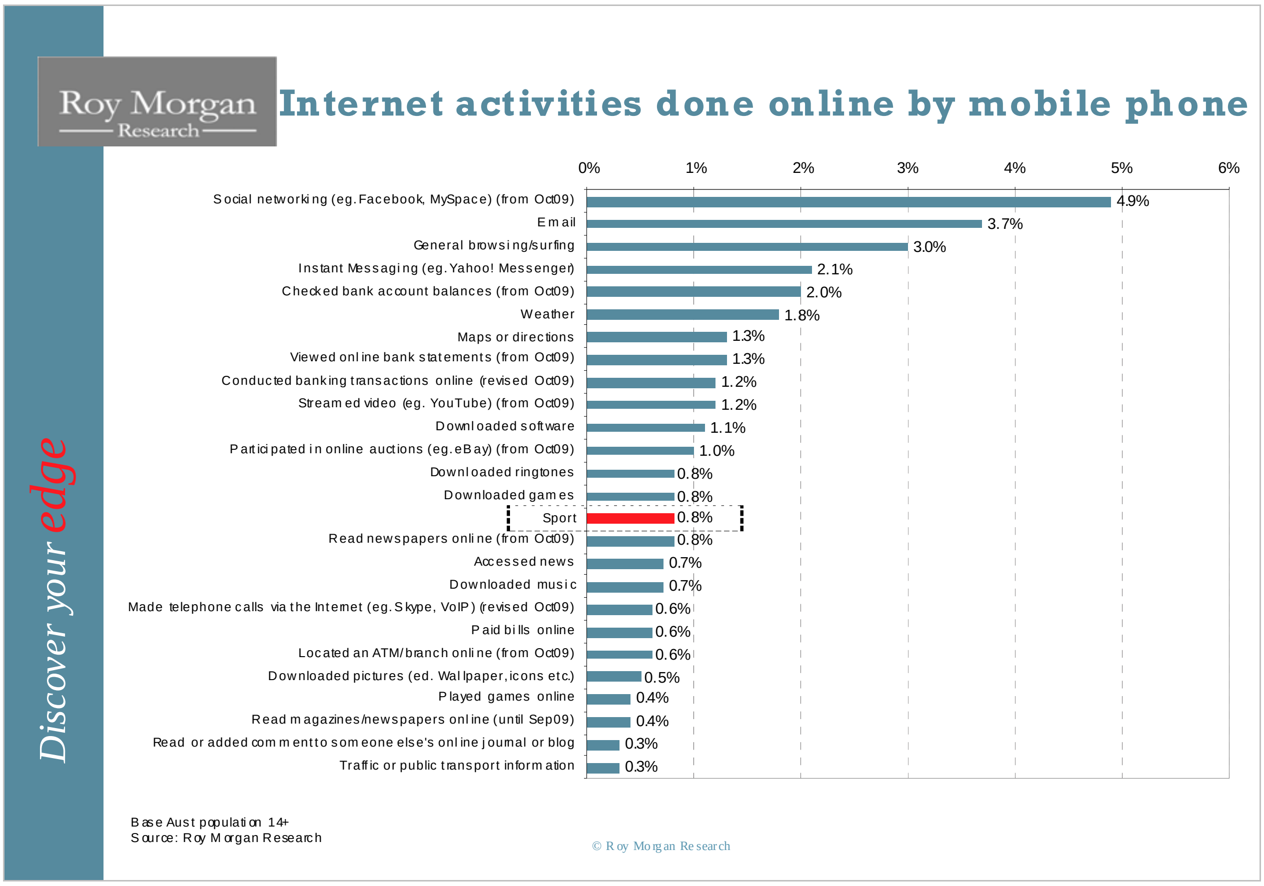
Further analysis shows afl.com is heavily skewed to ABs – who are twice as likely as the average Australian to have visited afl.com.

While cricinfo.com and cricket.com.au have similar levels of visitation, cricinfo.com has almost twice as many AB visitors.

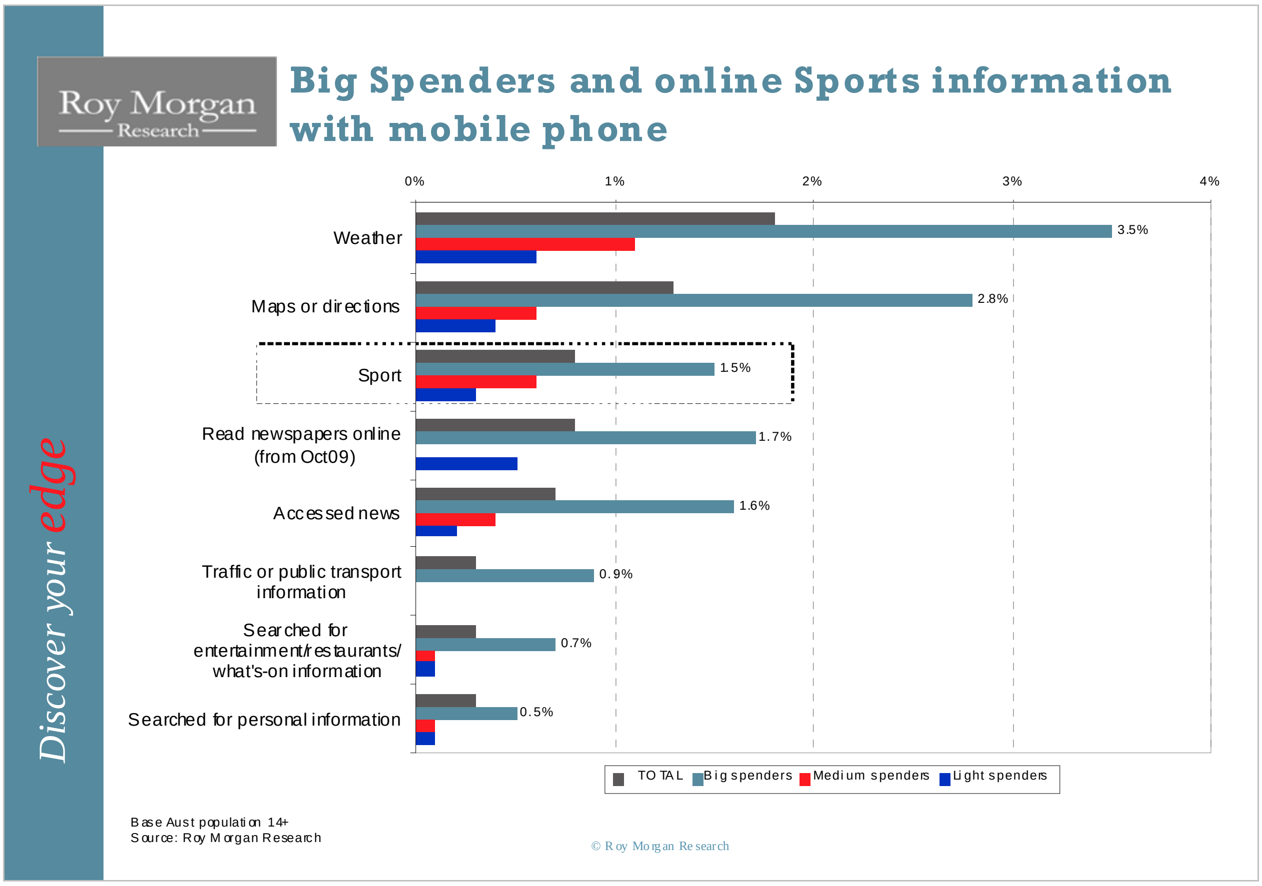


Mobile phones, or smart phones are gaining in popularity and already Australians are embracing the mobile phone to access a range of Internet based activities including visiting social networking sites (Facebook, MySpace) sending emails, and checking bank account balances, the weather, or looking at Maps for directions. Around 10% of all Australians use a mobile phone for something other than making phone calls (just less than 2 million) and just less than 1%, an estimated 130,000 Australians, are using mobile phones for sports.

More Australians accessed Sports information (0.8%; or about 130,000 Australians aged 14+) online via their mobile phone than accessed news, downloaded music, or made Internet calls (Skype, VoIP) using their mobile phones in the 'Last 4 Weeks.'



Those in the top economic quintile are twice as likely to use their mobile phone for sports related activities.



The challenge for sport – or the business of sport – is very much the same as for any other medium. Success will depend on understanding your audience, or audiences:-

- how to provide what they want in terms of leisure, entertainment and human engagement and knowing where they will be looking for that leisure and entertainment;
- how to identify companies and organisations that will gain most from the association with the audience; and
- how to communicate the value of your audience to relevant sponsors.

It is crucial to remember the value to sponsors is not just supporters or those who attend matches, it is also anyone who views the game – or follows it even after the event.

Changes in where sport is broadcast – specifically the shift from Free-to-air TV to Pay TV has reduced the audience – specifically the more casual viewer of sport.

However alternatives such as websites – especially newspaper websites with near-live scores and coverage of events has the potential to revolutionise the audience.

Newspaper websites are showing dramatic increases in visitation- with sport and links to various sporting events and websites being an important driver of that growth.

Whether mobile sport engagement will contribute large and valuable audiences in the future will depend on pricing, quality of the product and technological advances.

Roy Morgan Internet site visits

	Jan 04 - Dec 04	**Jan 05 - Dec 05**	**Jan 06 - Dec 06**	**Jan 07 - Dec 07**	**Jan 08 - Dec 08**	**Jan 09 - Dec 09**
NEWS & NEWSPAPERS SITES VISITED IN THE LAST 4 WEEKS	000s	000s	000s	000s	000s	000s
abc.net.au/news	701	801	807	971	1,056	1,136
theage.com.au	568	633	600	807	821	1,014
smh.com.au	675	666	801	1,016	1,144	1,265
heraldsun.com.au	313	332	353	510	606	800
news.com.au (News)	401	391	428	771	867	1,030
dailytelegraph.com.au	210	228	223	309	424	526

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To view the profiles available on the **Roy Morgan Online Store** on sport viewers, participators, supporters and spectators visit http://www.roymorganonlinestore.com/Browse/Australia/Sport.aspx these profiles provide a broad understanding of the target profile in terms of demographics, attitudes, activities and media usage.

To take advantage of the special offer to Sport Broadcasting Summit attendees please use the promotional code 'SportSummit0305'at the checkout to receive 50% off all profiles on the **Roy Morgan Online Store** until May 14, 2010.