

COVID-19: Impacts and future challenges for the sport industry

Like so many other industries and activities, sport suffered devastating impacts from the COVID-19 pandemic. Governing bodies, sporting organisations and media corporations faced huge commercial challenges, while communities for a time lost all forms of organised sport and recreation. Professors James Skinner and Aaron CT Smith, at Loughborough University London, have looked closely at the effects of the pandemic, and reveal how many segments of the sports industry adapted with the help of technology, changing the way we interact in a sporting context. They explain that, while the lessons of the pandemic are yet to be fully understood, it has created an opportunity for the industry to reshape itself.

The shockwaves of the COVID-19 pandemic have been felt by a wide range of individuals and communities across the globe. Likewise, few industries have been left untouched. New research by Professors James Skinner and Aaron CT Smith, at Loughborough University London, reveals just how acutely the fallout has been felt within the sport industry in particular, presenting a wide range of challenges to its many stakeholders.

Previously taken for granted as part of the fabric of everyday life, sport in almost all its forms was suspended to prevent the spread of a novel virus and save lives. For perhaps the first time in history, the pandemic focused attention onto sport's crisis, disaster and emergency management. But while sport was not immediately resilient to the effects of the pandemic, certain sections of the industry mustered great ingenuity in adapting to new ways of working and, indeed, thriving.

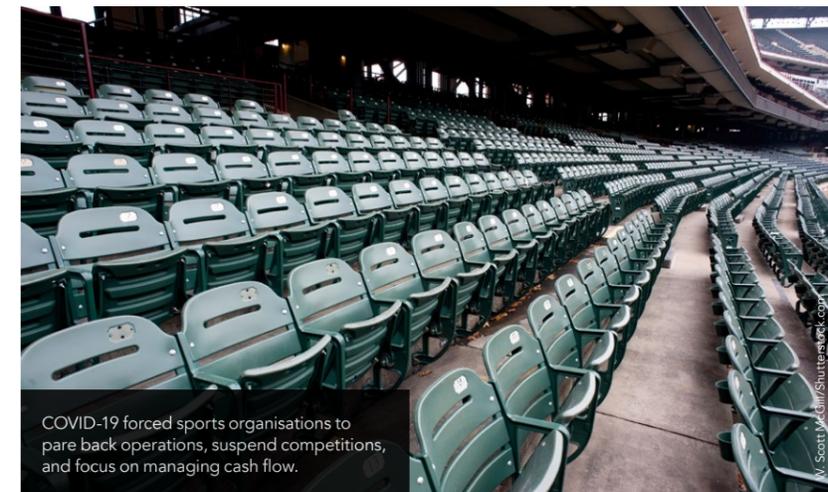
As well as the more obvious effects of the pandemic, the event that turned

the world upside down also challenged what might have been considered a relatively settled question – what is sport? Is it defined solely by what happens live, on a field of play?

WIDESPREAD EFFECTS

The pandemic hasn't just affected elite sports clubs and events; its impacts have been felt severely in a range of connected commercial areas, including events management, sponsorship, and broadcasting. Likewise, at the recreational and community sports level, government-imposed restrictions meant the suspension of a range of physical activities, while others moved online or from indoor to outdoor venues. 'COVID-19 plunged the sport industry into unprecedented disarray,' observes Skinner.

Sport is entwined in the economic, social, and cultural fabric of most countries, and its sudden loss resulted in huge costs and commercial challenges for governing bodies, sporting organisations, and media corporations. The importance of bringing together crowds of people, united in a passion for the sport that extends beyond borders, is undeniable. But event organisers rightly felt duty-bound to do all they could to mitigate the spread of the virus, resulting in the cancellation or postponement of several major sporting events in 2020. The most prominent of these was the 2020 Tokyo Olympics, deferred to 2021, but both the men's and women's UEFA Euro 2020 competitions and the 2021 World Athletics Indoor Championships were also postponed, while Wimbledon, the British Open, and a number of Formula 1 Grands Prix were cancelled.



COVID-19 forced sports organisations to pare back operations, suspend competitions, and focus on managing cash flow.

ECONOMIC CATASTROPHE

Skinner and Smith discuss the brutal economic damage inflicted by the pandemic, explaining that recovery from the financial crisis is expected to take years. For context, in 2018 the total global sports industry was valued at \$390 billion, and the pandemic mitigation measures have affected every aspect of the industry. Professional sport coffers haemorrhaged cash as the flow of income from ticket sales, merchandise, and sponsorship came to an abrupt halt, along with the devastating impact of lost broadcasting revenues.

Taking football as an example, the English Premier League alone is expecting to lose between £50 million and £120 million in match-day revenue, while across Europe, the 'Big Five' football leagues, along with their respective clubs, were estimated by consultancy KPMG to lose approximately £3.5 billion in total.

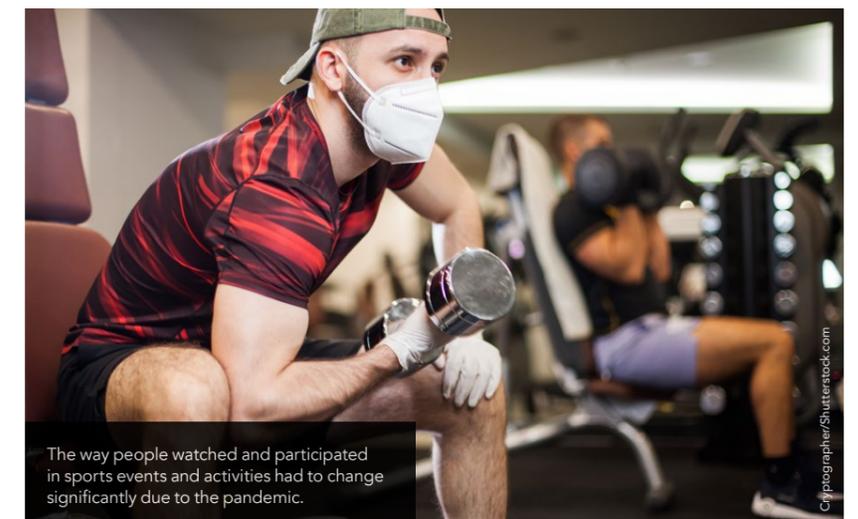
LOCKDOWN IMPACTS ON ATHLETES

At the heart of the sport industry, the elite athletes who thrill us with their skill and dedication face severe pressures, due to financial instability from cancelled competitions, isolation from their teammates, thwarted training schedules, and motivational struggles owing to inhibited progression. The rescheduling of events, too, presents further mental and physical health concerns; for example, the World Athletics Championships, the

European Athletics Championships, and the Commonwealth Games are all now planned to take place within four weeks in summer 2022 – a gruelling schedule for track and field athletes.

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Meanwhile across the world, everyday people participating in recreational and club sports, and fans following teams for community and connection, experienced a sizable sports-shaped hole in their lives – as did employees in sports-related industries – as all forms of organised sport and recreation were suspended, including commercial fitness operations such as gyms.



The way people watched and participated in sports events and activities had to change significantly due to the pandemic.

PIVOTING TO NEW WAYS OF WORKING

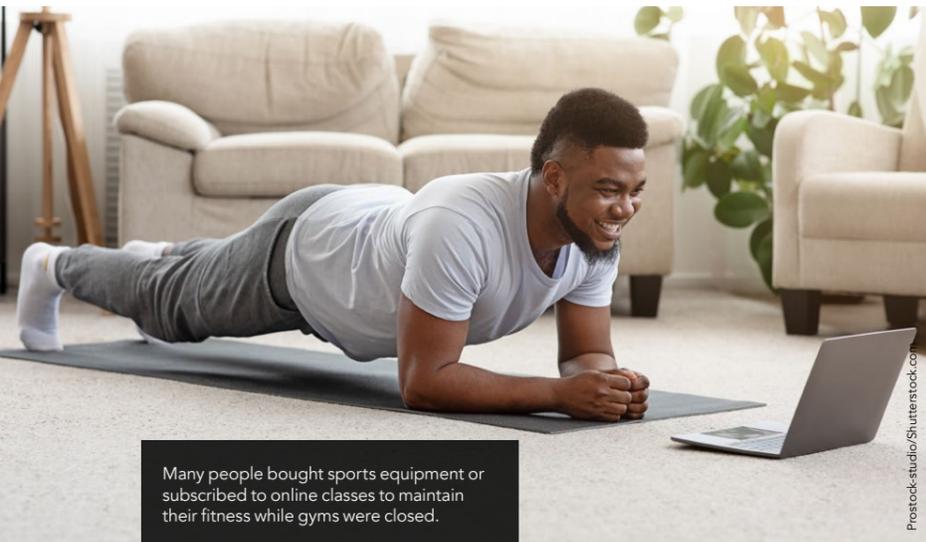
In response to the suspension of sporting facilities and events, opportunities for outdoor or virtual exercise grew and new business models emerged, with many people buying home-fitness equipment and subscribing to online classes. (Overall exercise levels are lower than pre-pandemic levels, however, and it is yet to be seen whether they will recover.)

Sport organisations were forced to pare back their operations, suspend competitions, reset their objectives and priorities, and pivot to managing cash flow as their first priority. All the while, many were rapidly increasing their digital capabilities, upscaling their social media, and collaborating outside of the box in efforts to stay relevant and afloat.

Sports organisations were pushed to find innovative ways to engage fans. Firms providing mobile streaming technologies facilitated a huge upswing in hybrid fan-facing initiatives as well as e-sports and repackaged

sporting content. The pandemic has fast-tracked technological developments in player tracking, bespoke insights, super-connectivity, mobile enhancement, user-generated interaction, social media, at-home experiences, AI and learning algorithms, and immersive technology.

Looking to the future, the organisers of sports events will have to prioritise the



Many people bought sports equipment or subscribed to online classes to maintain their fitness while gyms were closed.

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health and safety of participants and spectators. While this may require a full review of their legacy venue policies, processes, and systems, some of the abovementioned innovations may help them to ensure venues are safe while continuing to provide an engaging fan experience. 'In the long-run', say the researchers, 'potential changes might be reinforced, and the sport environment will be transformed as a response to the COVID-19 pandemic.'

PUBLIC SENTIMENT

Perhaps somewhat unexpectedly, many fans of traditional sport have responded positively to the changes in the sports experience the pandemic has demanded. Likewise, participants have willingly engaged with virtually mediated competitions. These new ways of enjoying sports build on traditional live events – played on a field, with fans watching – with the added advantage of allowing for remote participation in limitless virtual environments.

Traditional approaches to sports may continue to form the core content, bringing in revenue from tickets, broadcasting rights and sponsorship, but new digital communities are building up around it, increasing profit through stories, fan-generated content, influencing, and engagement.

POST-PANDEMIC DIRECTIONS

While the post-pandemic lessons are yet to be fully clarified, Skinner and Smith observe that the severe impacts

pandemic may have shone the stadium lights on the bias towards coverage of men in sport – opening the way for sport to reset in a more equal way.

Despite the many and varied challenges felt across participation and the industry as a whole, the pandemic has created a never-before-seen chance to gather insight and test public sentiment regarding interaction with sport, both as a viewer and as a participant. This has paved the way for further research into how we will interact in the context of sport in future.

Skinner and Smith cite a number of directions for that future research. These include opportunities for digital interactions and how these will be received by fans; partnerships with technology firms; reviewing the financial resilience of sports organisations; and even reviewing the very definition of 'sport', as organisations evolve their offering. Finally, the researchers

of COVID-19 on the sports industry have accelerated innovation and created new opportunities.

There are concerns that women's sport, having come a long way in the

The pandemic has fast-tracked technological developments in player tracking, user-generated interaction, AI and learning algorithms, and immersive technology.

fight for equality of value, funding and coverage, might lose hard-won ground as attention focuses on the higher price-tags of men's sporting competitions. A potential silver lining, however, could be a surge in participation and the

acknowledge that their work is focused on the developed world, and that more data and research is needed to understand how sport in much of the developing world has been impacted by the pandemic.

The pandemic created new opportunities for digital interactions – and may lead us to review the very definition of sport.



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Behind the Research



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Research Objectives

The Institute of Sport Business research objective is to explore the intersection of sport as a business and sport as a social institution. This objective is considered in a context of hyper-commercialisation and radical change within the sport industry. Embedded are notions of innovation, consumer engagement, data and technology, and future sport ecosystems.

Detail

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Professor James Skinner
 James Skinner is a Professor of Sport Business and the Director of the Institute for Sport Business at Loughborough University London. His research interests include business-model innovation, global sport ecosystems, and innovation cultures. Current projects include tackling innovation in sport and modelling global sport ecosystems, focusing on interdependencies, information flows, networks, governance and the economic, social, and cultural drivers that shape the business of sport within each system.

Professor Aaron CT Smith

Aaron CT Smith is Professor of Sport Business and Innovation, and the Director of the Institute for Innovation and Entrepreneurship at Loughborough University London. He pursues research interests around innovation in sport, business, health, and society, and is currently working on the cognitive science of sport fandom and digital innovation in the cognitive economy.

Collaborators

This work would not have been possible without the support of the editor of *European Sport Management Quarterly*, Professor Paul Downward.

References

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Personal Response

Which direction for post-pandemic research do you feel is the most pressing and why?

|| In mid-2021, with the United States deep in the Delta variant crisis, Facebook CEO Mark Zuckerberg gave formal voice to the worst kept secret in the company. The company's vision, he announced, would revolve around the immensely ambitious project of constructing the 'Metaverse'. Perhaps misunderstood as just the addition of virtual reality, the Metaverse is more accurately seen as a next generation of the mobile internet, a massive shared online space where the physical, augmented, and virtual all come together to form a new reality. While VR will likely be a mechanism to access the Metaverse, it will encompass entertainment, virtual worlds, social networking, information, media, data, games, commerce, as well as anything that can be configured as an interconnected (user) experience or simulation from education to art. It can be experienced synchronously by an effectively unlimited number of users, each with an individual sense of presence. While the Metaverse vision might have been inexorable, it has unquestionably been mobilised in concrete as a response to the pandemic and provided a glimpse of how global mobile connectivity can engage idle hands. For us it reveals how the combination might intersect, where the consequences for post-pandemic sport and its viewing are potentially metamorphic. ||

