

# Module 4: Latest market trends.

## The future of stadiums and arenas

*Before we realize it...the future will be past.*

This saying probably reflects the current state of the sports and multifunctional facility industry.

It means that if we don't implement a development or new trend to our stadium or arena in time, we run the risk that once we make the decision to implement it, it will already be obsolete before becoming operational.

The sports facility market is made up of three pillars that evolve and change at a dizzying pace:

- 1) Customer service. It is the era of the power of the client, who exercises it demanding not only excellence, but adaptation to their tastes and requirements.
- 2) The leisure and entertainment experience. Sporting event providers are companies that offer entertainment content and compete with all participants in this industry, which evolves and changes at the rate of the immediate result, measured in real time.
- 3) Technology, the Smart Stadium. If the two previous pillars reflect the constant change of the market, technology is 10 times ahead of them. It is the one that pushes change, setting the pace and dictating the change they must make through technology itself.

Considering these three pillars of continuous change, we must be aware of how to deal with the design, management, or profitability of a facility.

It is crucial to maintain an alert attitude regarding the evolution and development of the market, and at the same time to have the right perspective of our investments so that they are flexible enough to allow for the continuous update of our installation.

We must not miss opportunities and become obsolete due to inaction, but we must also avoid oversizing the proposal due to ignorance of new market developments, impeding us from making the next update profitable in the planned period.

There are hundreds of examples that apply to these three pillars. They confirm that inaction produces opportunity loss, and as a consequence, economic loss.

One example is the cashless payment system introduced in stadiums in the 1990s (Amsterdam Arena, now known as Johan Cruyff Arena). The system requires spectators to buy the stadium's own credit cards for their exclusive use, with which they can pay at all points of sale in the stadium. It's a system that will streamline operations at the sales point and increase consumption as a result, among other benefits.

**Image 1: Johan Cruyff Arena, Amsterdam**



Source: Doña, 2017. Own, unpublished archive.

Due to the evolution of cell phone digital technology in recent years, this system will soon become obsolete, even though many stadiums have not implemented it yet. Not to mention those who have done so in the last five years without having foreseen the imminent change.

An analysis of trends that affect the market reveals that they can impact one or more pillars at the same time, or even all three.

We are going to list the most relevant trends today, although who knows when they will change:

### **Connectivity**

It is already more of a requirement than a future trend. Despite this, there are still many stadiums that don't seem to be worried, not just about their current results, but about what may happen in the future, which is just around the corner.

In addition to the clubs' current fan base, today's youngsters, millennials, and the next generations are going to lead the collective group of spectators who are going to fill our stadiums and who are going to demand continuous connectivity.

These generations will never have had a time in their lives when they didn't have permanent access to social networks and the internet, so not having a minimum level of technology that allows large-scale, high-density simultaneous connectivity will be

unacceptable to them, and it will be impossible to attract them to stadiums if basic requirements in this service are not met.

In addition, as these new generations of fans become the core business of our fan base, having a satisfying experience that manages to capture and retain them will be increasingly based on the technological experience, so we must be on permanent alert to understand their demands for connectivity.

Therefore, stadiums must understand their new fans, not only in order to attract them, but also to gain their loyalty, strengthening and expanding the relationship as much as possible over time. Facilities' ability to adapt, with designs including flexible technology models that can continuously be updated, will be essential.

The connectivity trend extends beyond the fan experience in the stadium itself.

It will impact match day results in the following way:

- The experience for fans who demand to be permanently connected. They don't just want to attend and experience the event or game. For many of them, aside from the event itself, it's just as important to be able to tell their friends and social network followers about it and exchange comments and opinions about the experience.
- In interactions with social networks, publishing photos gives visibility to the stadium, the brands that are advertised in it, and the sponsors if it has a naming.
- Social network followers are an increasingly tangible asset due to their activity in each game, allowing direct marketing actions through the networks to gain fan loyalty. This applies to those who are in the stadium and those who follow it through social networks.
- Big data, as we will see later, is a fundamental tool for stadium and club marketing management.
- Use of the stadium app, as we will see in the next point, will generate more and more activity with tangible benefits for the club or operator of the facility.

## **Stadium App**

The stadium's cell phone application already plays an enriching role in the experience. It will become more and more important, just like the role of technology in stadiums, with new generations of fans.

The apps we currently find in the market are highly effective, with an extensive functions menu that allows fans to obtain information and access services more comfortably and quickly than without the app, and sometimes at a better price (tickets, food and beverage, merchandising or sponsor offers).

**Image 2: Anfield, Liverpool**



Source: Doña, 2016. Own, unpublished archive.

Stadium app information should always be aimed at improving the fan experience. Data on the nearest parking space, the access door with the shortest line, the location of different services, evacuation routes, information points, and the points of sale that best suit their tastes, according to each fan's consumption history, are some of the services offered on the app.

The tendency is to do everything on your cell phone, from ordering to paying, turning it into a comprehensive platform. And the stadium application gives fans a way to carry out all stadium operations.

This applies to the purchase of tickets for other games, often at a better price due to special offers launched during the game, and the purchase of merchandising.

In addition to the entire purchasing process, the application will allow us to provide exclusive services that will enhance the fan experience through game videos, messages from players, pregame team images, or game replays.

Consumption at food and beverage stands will also benefit in two ways:

- The ability to carry out direct sales actions at every moment of the game or event, encouraging fan to buy by offering lightning discounts or simply showing the menu and the usual offers.
- Giving fans the possibility to order using the app, avoiding wait times and reducing activity during peak moments.

The app is also a platform that provides sponsor sections, increasing both income and exposure value for official stadium sponsors.

But above all, the stadium app is an essential loyalty tool that will improve the club's big data.

**Image 3: Celtic Park, Glasgow**



Source: Doña, 2014. Own, unpublished archive.

In addition to the engagement activities that allow us to collect key data to improve the customer/fan experience, the stadium app is going to be key when overcoming a current market threat. This threat is the lack of data as a consequence of ticket sales in the secondary market, which prevents stadiums/clubs from knowing their customer profile, which demographic group they belong to, age and sex, tastes, consumer habits, and leisure/entertainment preferences.

In this case, the end customer/fan does not buy the ticket directly from the club, but from the secondary market seller who has previously purchased it. Therefore, the lack of knowledge of all this data prevents us from being able to increase the club's big data and properly manage the CRM (Customer Relationship Management) with the fan database.

### **Cell phone access and payment**

Through connectivity, smart stadiums tend to facilitate economic transactions via cell phone at all consumption points, provide access to the stadium, and to facilitate the flow of traffic through different areas inside the stadium.

Tickets will be downloaded to cell phones through a software that is recognized by the stadium entrance control system.

This will give fans easier and more convenient access, avoiding printed tickets that they have to carry around with them at all times, and provide more control over the resale and sale of counterfeit tickets.

This system will also have an impact on the premium service. To access the hospitality areas that come with our seat, we only have to download a code on our cell phone, which we won't even have to take out.

This system, tested in some premium services, will avoid unacceptable wait times for spectators who have paid a high price for a service, and who previously had to stand on a security line to get their ticket or ID checked.

They will be given direct access without having to stop. In the event an unauthorized fan tries to access that area, the WIFI system will detect it and security will be able to locate the fan.

In today's market, there are many creative proposals to improve the experience that are applicable to cell phone use as the only method for payment and identification. We'll look at which ones are able to successfully establish themselves in the market.

## Audiovisuals

The audiovisual experience enhances the fan experience in stadiums, just as it does in any private corporate event, shopping mall or retail area, or in a marketing event during a product launch or a new advertising campaign.

But in a stadium, in addition to all the advertising, we have the possibility to see the development of the game itself in detail or interact with fans.

As we have seen before, in the U.S. market there is an extreme tendency in which teams/stadiums are racing to achieve the maximum LED screen size in inches - even in 360° - almost as if it were another trophy.

**Figure 4: NRG Stadium (formerly Reliant Stadium), Houston**



Source: Doña, 2003. Own, unpublished archive.

Not only for the video scoreboards, but also in the decoration of the concourses, with a continuous projection of the image and the club players, as well as the advertising of the sponsor brands.

The same thing applies to the LED boards around the stands, which is more familiar in the rest of the markets, and the TV screens distributed throughout the stadium, which are required in current designs.

The audiovisual market in general continues to grow and will continue to do so because fan surveys make it clear that it's something they highly value in the overall experience they receive.

### **3D Platform**

3D ticketing platforms have become very useful for clubs for several reasons.

Firstly, for its help in promoting sales. Fans can check the angle of vision from any seat in real time without needing to be in the stadium. They can look at the most suitable seats for the experience they are looking for and choose their favorite.

But this tool is also an excellent help in managing season ticket holders, which is one of the great challenges for clubs each season.

#### **Image 5: New White Hart Lane (3D), London**



Source: MMC, 2018, [3ddigitalvenue.com](http://3ddigitalvenue.com)

Club sales managers can present the product to fans with a full 360° view of the stadium, allowing them to make the decision in less time and with greater confidence, since the system allows you to check that you have selected the seat you want, and that there are no blind spots.

The product's value increases when it comes to marketing premium tickets. In this case, clients can accurately see what their box, or any other premium proposal the club is offering, will look like from their office. They can even customize it with their corporate image and see the views they will have of the game or event.

## Dynamic price

Many of the clubs are already choosing this system, which is similar to one of the ones used in the tourism industry for the marketing of flights and hotels.

Sale by dynamic price is a sales system that allows prices to fluctuate depending on the demand for tickets at all times.

In this way, the most demanded games are maximized, and the least demanded games are sold in greater quantity, albeit at a lower price.

The difference from traditional sales is that prices are set at the beginning of the season based on the demand predicted using historical sales figures. But once prices are posted, they are fixed and cannot be changed.

For example, if a game has lost importance for any reason affecting the competition, the dynamic price would reflect this, offering a more affordable price, while the traditional system could not modify it.

Conversely, if there is a game that gains interest over time, if the ticket was purchased weeks or even months ago, it will have been at a lower price than those purchased a week before the game.

These are some examples of how the dynamic price works, but the possibilities are unlimited because they are based on algorithms that ultimately assign one price or another.

In short, the system rationalizes the marketing of tickets with price application based on the supply and demand of the moment, in real time. The agility of the system allows a continuous change dynamic, which makes the ticket reflect the target price at all times.

In any case, clubs may have some conditions such as the price of season tickets. There is no legal limit that prevents lowering season ticket prices below the cost per game, but it can create some conflict with the season ticket holders themselves, and even affect the number of season ticket holders in successive seasons.

Although a season ticket includes more than paying a more affordable price compared to an individual game ticket, such as having a seat guaranteed for 100% of the games, fan involvement and commitment to the club, the advantage of making a single purchase for the whole season's tickets, discounts on merchandising, and other advantages, there are also different season ticket holder profiles who value these advantages to a greater or lesser extent, and can decide to opt for the dynamic pricing system throughout the season, to the detriment of the season ticket.

In any case, the pros far outweigh the cons, and the increase in ticketing revenues of the clubs that have opted for this system suggest that the trend will continue to grow.

## Greater comfort and services, and fewer seats

We have already discussed this issue on different occasions throughout the course, but it is also important to bring up in this chapter on trends.

Stadiums seek to offer more to fans in terms of comfort and services, even if this means reducing the overall seating capacity of the stadium.

The premium product is expanded by increasing the hospitality offering, but the comfort and services offered in general seating locations are also expanded.

The new concept of "selling experiences" requires this approach in its strategy, which is applied in all new stadium models.

This trend includes larger and more comfortable seats, more space in the concourses, more food and drink stands, better access, and increased parking spaces. Or improvements are made to systems to speed up service, such as beer taps that hold the glass while it is filled and a faster way to charge customers for their purchase.

**Image 6: Estadio da Luz, Lisbon**



Source: Doña, 2005. Own, unpublished archive.

Everything is aimed at making the fan experience higher quality, seeking to attract fans and earn their loyalty by differentiating with other offers in the market, and generating more revenue from services that fans have access to.

## **Environmental sustainability**

We have also talked extensively about the commitment to the environmental sustainability of stadiums. But we must also include it in the list of market trends that are part of the new stadium and arena models.

An environmental sustainability certification provides a tangible benefit to the stadium's image, whether it is for a construction model with systems and materials that have a lower carbon footprint, or for the operational management of the facility once opened due to recycling or the use of renewable energy sources.

Undoubtedly, the biggest motivations for this must be social responsibility and consciousness.

But we must not overlook the fact that investing in environmental sustainability also has two important consequences that affect the business model, and which we have already mentioned throughout the course:

- The positive impact on the brand image of the stadium and the club, which can be capitalized on by attracting sponsors who want to associate themselves with sustainability.
- The energy savings itself, which implies opting for renewable energies in the long term.

## ***eSports***

They grow exponentially year after year, and the new generations massively support this sport, so the future is assured.

Stadiums and arenas have already gotten to work, and many have already adapted their facilities to host eSports events, which have been a resounding success. Emblematic facilities such as Staples Center in Los Angeles, KeyArena in Seattle, or Sangam Stadium in Seoul, among others, have hosted eSports events that have filled their grandstands as world-class sporting events.

We even have specific eSports stadiums in the market. Within the sports and entertainment industry, it is going to occupy a prominent place in the celebration of events in facilities.

And undoubtedly, the growth of eSports will feed the technological investment in the facilities that opt for it. This applies to audiovisuals, which give these events their spectacular nature, and high-density connectivity, which is part of the essence of these events.

## **Hologram, virtual and augmented reality**

We are continuously seeing advances in the market and examples of what virtual reality and augmented reality can become. There is no doubt that it will occupy a place in leisure and entertainment, which will impact the industry and most likely directly affect stadiums and arenas.

But this impact will not only reach the stadium and arena industry. New VR and AR technology will generate extraordinarily high-quality experiences that will also be enjoyed outside stadiums. And this will undoubtedly strengthen the threat of the "home/couch experience" that its advances will offer fans, reinforcing it as "internal competition".

It will be necessary to anticipate actions that can dissuade fans from going to the stadium, putting the creativity engine on full speed and applying new technologies in the stadium experience to make it unique and unreachable outside the stadium, even with new technological advances.

But, as we said at the beginning, the future is unpredictable, and with technology involved, even more so.

We are going to see holograms at some point, in which we will have to be told that they are not really what we are seeing... but when and how all this will happen is a question we can't currently answer.

Who knows if, in a few years' time, the game taking place on the Camp Nou field will be "played" and also "watched" at the same time on stadium fields in China, the United States, Mexico, Japan, India, Brazil, Indonesia...?



# References

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