

Module 3. Segmentation and Geographical Sponsorships. How Social Media creates new opportunities

Introduction

There is a lot of existing data in the world of sport, but traditional techniques do not necessarily tell the whole story. Social media has become a great place to get an unfettered understanding of your fans. Those fans exist in two contexts: when interacting with their team (where the language can be emotive and celebratory) and what fans do away from the club. Because there is an emotional connection with the club, it is important to see how they interact with other brands. People's interests and how they communicate on social media renders a rich picture on how fans behave, and therefore what clubs and brands need to do to engage with them.

Data can be considered to be one of the most valuable commodities in today's world – more so than gold, oil, and bitcoin. It underpins most business and performance operations; the organizations that can maximize its use are the most successful.

Success in sport is measurable, most often relating to a team or individual's performance. Data in sport is now used in two different ways: firstly, to drive this on-field success, identifying areas of performance that have improved or need adjustment, exemplified by British Cycling's policy of marginal gains. Secondly, data is used to improve the spectator and fan experience. Both examples ultimately enable the club, sport and overall industry to monetize their successes in both these areas rather than just promote a winning team or athlete to a wider audience. One example of this dual importance of data is shown in Formula One, a sport which focuses on getting the most from the available data, both on and off track.

Unit 3.1

Data-driven performance

As a sport, Formula One relies on real-time, accurate and secure data. There is usually little more than a tenth of a second between two cars' lap times, which could make the



difference firstly between securing pole position and secondly on the grid, and ultimately between winning and failing in the Grand Prix.

The accuracy of the sensors on the cars is paramount. They relay information and queries back to the pits and the factories – often in different countries or even continents from the race location – and then receive data-driven decisions back, all in just a split second. With thousands of these decisions happening every lap, latency is an essential metric. As such, 5G technology and edge computing are combined with cutting-edge IoT to drive as much performance advantage as possible, no matter how small. Motorsport, and particularly its pinnacle in Formula One, may be a more obvious area where data plays a central role in sporting performance, but there are very few competitive sports today that do not wholly rely on data to find competitive advantage.

The fan conundrum

One of the most interesting and perhaps crucial data battlegrounds today is actually away from the pitches, arenas, and tracks. As professional sport is increasingly viewed as an entertainment vehicle by broadcasters, fans and governing bodies, organizations are finding new and clever ways to compete and monetize their output through various types of targeted media. These range from linear broadcast to OTT and online-only offerings, as well as exclusive behind-the-scenes access for premium subscribers and other innovative ways of demonstrating value to partners and sponsors. Therefore, retaining and growing an engaged audience is essential.

Of course, the dominant source of money across sport is in television rights. This has been particularly true over the past year or so, when lockdown prevented fans from attending sport in person, which in turn meant the broadcasting of sport was even more of a lifeline for sporting organizations than it was before. However, the long-standing issue for the sports industry, which will no doubt become further complex as technology develops, is the battle for people's attention and their eyeballs. Digital entertainment is already a highly saturated market, with hundreds of platforms streaming content in many forms. The broadcasting of sport is, therefore, in direct competition with everything from YouTube and Netflix to social media and gaming and all other forms of digital content.

To hold fans' attention ultimately requires a smarter approach to fan engagement, one that is underpinned by data. Therefore, to go beyond simply growing their fan bases, every sporting organization will have different aims, which will inform the way they analyse their data and tailor their outputs accordingly.

A tailored approach

For an elite and expensive sport such as Formula One, accessibility is a growing necessity. Not everyone can afford to go to a race weekend and travel the country or across



continents, so reducing the barriers to entry and taking the sport to those who otherwise cannot access it is a priority.

Football, on the other hand, has no such issue. Widely known and widely played, its governing body in England, The Football Association (FA), has a remit that encompasses everything from junior grassroots to the senior international teams. Football has armchair fans who have never kicked a ball, alongside those who still play every week; its audience includes everyone from an 8-year-old girl just starting to play, to a Sunday league coach of several decades. These are all fans of the same sport, yet all have completely unique needs.

The more important focus should be segmentation. Sporting organizations' have audiences and fans. But each fan may be engaged for a different reason. If you take Formula One as an example again, and in particular a team such as Aston Martin, there will be some who have supported the team through its various iterations to date; there will be some who are long-standing admirers of the Aston Martin brand and have adopted this team on its return to Formula One this season; and there will be some who are followers of Sebastian Vettel and will support him regardless of which car he is racing. Hence, the challenge is how to engage with each fan in the way that suits them best – and how, ultimately, to monetize that.

Priority focus

To maximize data's effectiveness, organizations should only have one priority focus at any one time. The FA, for example, wants to get more people actively playing football as part of its wider objective to capitalize on the 2021 Summer of Football, after a year of cancelled matches, empty stadiums and limited play at the grassroots level due to pandemic restrictions. Its existing data, when properly analysed with its expert partners, has already helped identify pain points in this process. For example, girls are dropping out of the sport at age 12 or 13. Ultimately, if this issue is not resolved, there will be a smaller talent pool to trickle through to the senior and professional game. So, to improve engagement, securing access to this demographic to get a better understanding of why they stop playing is helpful to solve this problem.

Making it as easy as possible to get involved is another vital step to retaining these active participants. Digital journeys need to be seamless, as we all expect an excellent user experience regardless of the device we use. Using individuals' data to make the appropriate suggestions at the right time is where a sporting organization can bring value to the fan and ultimately gain value in return. To put this into context, three different Aston Martin fans might be presented with three different online journeys through its website, one centred around the brand and its history, one focused on this season's car and engineering feats achieved, and one solely detailed on the driver and his achievements.



A fan of Sebastian Vettel should not be targeted with classic Aston Martin car content, for example.

Most organizations likely already have more customer and fan data than they know what to do with. What is crucial is to analyse it properly, which in most cases requires finding the proper enablement partner with the expertise and resources to identify and segment the different types of fans and help put relevant content and journeys in place.

Sport is more competitive than ever, both on and off the field. It is those organizations that make the best use of their data that not only have a far better chance of succeeding in their named sport, but also succeeding according to the fans that wish to participate in the experience and community that sport can bring. The pandemic has inevitably closed the gap between the digital and in-person experience, and organizations now must continue to bring fans together, both at and away from the field, by adopting smart approaches to technology and data.

Users share an unprecedented amount of data online – every minute they post 300k+ new stories on Instagram, 147k+ new photos on Facebook, 500 hours of video on YouTube. As a business, you can use this information to understand your audience and target consumers better than pre-social media marketers ever could.

But how do you make sense of so much data? With social media audience segmentation.

In this chapter, we will explore exactly how social media audience segmentation works and how your brand can use it to power a data-driven marketing strategy.

What is social media audience segmentation?

Social media segmentation is an approach to consumer segmentation based on social media consumer data. It is the process of dividing your social media audience's key characteristics like shared interests, online behaviour, affinities, and conversations into smaller segments. They are constructed based on social media data – posts, interactions, follows, profile information, and connections. Social media consumer segments look at the broader market, not just your existing customer base.

Why is social media audience segmentation important?

Social media is a treasure trove of information about your current and potential customers. But, you might be asking yourself: do I really need this data?

Here's why the answer is yes:

Traditional consumer segmentation uses demographic information like gender, age brackets, or household income levels. However, this overlooks significant aspects of who consumers are and what kind of content they would best respond to.



It also lacks contextual information. For instance, you might find out that your low-carb pasta sells better among 30-to 34-year-old women, but it does not explain how the group's identity is expressed and how it plays out in the marketplace.

Is it because they are looking to lose weight? Are these mothers who want healthier alternatives for their children? Are some of them interested in the ketogenic diet and its health benefits?

Ultimately, social media audience segmentation is about providing a unique and exclusive experience to consumers at every step of the journey. And, it works. When Nespresso wanted to tell its sustainability story, it used sub-audiences within the eco-friendly community. By targeting them with tailored messaging, they increased social media engagement by 68%.

Danone switched to 'tribes' for segmentation, grouping people by their passions, and it boosted ad recall by 40%. Discover how you can understand the tribes in your audience here.

Are you ready for powerful segmentation through social media? Here is how to do it.

How to Conduct Social Media Audience Segmentation?

There is so much data on social media that it can be overwhelming when you are first getting started. Fortunately, segmenting your social media audience does not have to be complicated or time-consuming.

Here's how you can segment your social media audience.

Go where your customers hang out. Learn about the demographics of each platform and leverage them. For instance, Pinterest has more female users, TikTok attracts a younger crowd, LinkedIn is a space for career-related social content. The trick is to use the correct channel for each segment based on their past activity and attributes.

Use audience filtering to narrow down target users. Facebook lets you post to specific people based on their location. When you opt for paid advertising, there are much more advanced options available for audience filtering, such as lookalike audiences and excluding your existing customer list.

Leverage social media groups. Building a community around your page fosters a personal connection with followers and creates a space for them to share opinions and concerns. LinkedIn and Facebook are especially suited for leveraging social groups, and the groups can be closed or open.

Post at the appropriate time for different audiences. If you have clients across time zones, it makes sense to adjust your posting to reach the most people in your target countries.



Taking the above steps begins with accurate segmentation, and this is where audience analysis tools come in. By its nature, audience data is fragmented. It comes from multiple channels, there are various subtypes of followers, the information is abundant, but not organized. An audience analysis tool will filter through the information on social media to give you marketing personas you can then target. The personas are fictional people – not real customers, and they represent your target audience. You will learn about your audience’s demographics, interests, influencers they follow, affinities and more. This will help guide everything from your brand voice to the social channels you use.

Audience intelligence breaches the gap between raw information and actionable insight. It helps you make marketing decisions to connect with your current and potential clients in a more efficient, meaningful way.

What are the benefits to segmenting your social media audience?

Data-driven marketing comes with multiple benefits for brands and their audiences. The main perks of segmenting your social audience include:

Target the correct prospects as sponsors.

When organizations identify social consumer segments to engage with, it is easier for them to pair with a sponsor that aligns with their values and social audience. By asking questions like: Are the regular seats consistently sold out over the higher-end option seats? Do a large part of my audience love to travel, or do they prefer to attend events that are based locally? Organizations can use social media data to explore the difference between these types of customers to create social consumer segments. This allows them to create targeted sponsorship campaigns that drive sponsorship revenue, increase ticket sales, improve marketing ROI and expand knowledge of fans and their motivations.

Unearth new opportunities with in-depth insights

It is an inefficient method to decide what products and services to market to people, and instead prefers segmentation based on needs, as it is like “waving a magic wand over the data and watching insightful groups of people emerged as a result” (Deery, 2021, para. 20). Meaning, rather than dividing audiences only by their age group, gender and location, data derived from social media looks at their interests, affinities, connections, values, etc. This provides brands with a complete picture of who their audience is and allows them to identify radically different needs and behaviours – providing insights like areas of improvement, customer related problems and which customers have the highest potential value. In return, these insights can be used to customize content and uncover new market opportunities.

Relevant marketing campaigns



Social media helps take the guesswork out of marketing. The better you understand your customer base, the better you can tailor your marketing strategy to create audience-segment-centric strategies. When you use social data, you get predictable results, and decision-making becomes much easier. While a generic marketing message (“buy our product!”) rarely sticks, targeted advertising makes people feel seen – and it boosts conversions in the process. This deepens customer relationships and builds loyalty.

Admittedly, an initial concern we hear with many of our exploratory calls is:

“Why would I bother to set up my own platform. After all, I have social media!?” (Jaradat, 2021, para. 8)

The answer to this lies in the individual performance of the person asking the question.

Because FC Barcelona has recently become the most valuable football club in the world, I think that might be a decent place to start.

But first, I want to give a quick explanation on the inner machinations of social media feed algorithms, and I will use Instagram for this.

Instagram’s business model is to keep you scrolling and consuming advertisements. For every X amount of personalized feed items you consume, there is a numerator value of advertisements Instagram will feed you. The creator of that ad purchased that digital real estate via Instagram’s auction-style advertising platform. It is in Instagram’s best interest to show you the content you really want to see. And that includes a combination of things that are the perfect balance of relevant-yet-diverse. Consequently, for any content creator or business, this means you are competing with every other account to win a user’s attention. Even the biggest Barcelona fan in the world will not see all of Barcelona posts because of Instagram’s desire to maintain a healthy diversity ratio.

The reason this matters: if organic reach is your strategy, you are always in competition to win the attention of your fans. You are essentially at the mercy of the algorithms. Subsequently, you can apply a loose iteration of this to most social platforms that are feed-based.

Paid social campaigns are a different story of course as you can bump yourself up the line, but customer acquisition costs then become an interesting topic, maybe for another article. And even when you do “buy” your fan’s attention, it is only temporary.

Back to FC Barcelona and with a focus on Instagram yet again.



Figure 1: FC Barcelona's Instagram feed



Retrieved March 15, 2022, from <https://www.instagram.com/fcbarcelona/?hl=es> screenshot by author.

FC Barcelona's Instagram account has 102 m followers (November 2021) and over 14,000 posts at a post frequency of anywhere between 3–8 posts per day. On April 16th, 2021, I took the last 10 social posts as a sample size.

Note: a more scientifically accurate sample would be a 6-month or 1-year timeline to account for things like fluctuations from El Clásico, Champion's League, etc. For my sanity, I chose the last 10.

The average likes and comments for the 10 posts was ~770000 and 1638 comments.

At 95.7 m followers, the likes represented a 0.82% like rate.

And for comments, it was less than 0.002%.

Without knowing Barcelona's average reach values, it is hard to calculate reach-weighted engagement rates (percent of engagement on total post reach), which is typically lower of a percentage.

It is important to note that as follower volume increases, engagement rates decrease heavily, so this is not a job at Barcelona's social media strategy.

The takeaway from this is that social media platforms, as they currently sit, are making your content have to scratch and claw to reach your users. Every company and influencer is dealing with the same disparity in engagement rates, especially the ones with massive followings like FC Barcelona.



Why a dedicated platform helps

So to answer the question of why do you need a separate platform. I will break it down into three core reasons: reduce your customer acquisition costs and reach your best fans easily, build new digital revenue streams, and own the full spectrum of user data.

The first reason is that you will not need to compete for your fan's attention — consequently reducing customer acquisition costs. The fans who you can convert from your existing socials will tend to be high-value fans that are actually keen on consuming your content and participating. Your creativity in customer conversion through sign-up bonuses, membership incentives, giveaways, etc. can determine the efficacy of the platform.

Once you do this, you are effectively eliminating the recurring customer acquisition cost of trying to grab their attention. Your valuable fans are now easily accessible for your free and premium content — and an important note: think of the sponsorship opportunities with such an engaged and responsive audience segment...

The second reason is that you will have a foundation on which to build and test different digital revenue streams on. As a fully customizable platform, you can create a direct-to-consumer model that uses multimedia and premium content as its engine. This can be a helping hand in a time when clubs are struggling with mounting debt and fans are looking to participate or help out.

The third reason for the dedicated platform, and maybe the most important for clubs, is the data ownership this will unlock. Fan behaviour, buying habits, geographic demographics, etc. will all be readily available for you to custom-tailor experiences that your fans will actually care about. Currently, social media platforms provide surface demographic data about your followers and if you ask nicely, they are willing to serve some of your content/ads based upon that data. They tend to keep the really valuable stuff for themselves.

With more ownership on user data, you can unlock a whole spectrum of content and sponsorship opportunities.

More thoughts

Social media is currently the best way to reach existing and new fans. Unfortunately, you are simply renting their attention, sometimes at a cost. With a dedicated fan platform that is token-based, you can convert those rented fans into permanently accessible and engaged brand co-creators. Additionally, having a foundation on which to build and test new digital business models, and unlock new levels of user data, makes this a lucrative solution for clubs and athletes.



This direct-to-consumer relationship is the future of sports, especially considering the behaviour and habits of Gen Z and Millennial sports fans. Having a hub in which those younger fans can see the behind-the-scenes of your brand, make decisions, and create content is the next iteration in social media.

“Probably 99.5 per cent of our fans are never going to have the opportunity to go into an NBA arena, and I think the notion that you can become part of that experience is phenomenal,” he replied.

Now during this era of Covid-19 when fans are locked out of venues worldwide, Silver’s words resonate stronger than ever. The significance of fan engagement has increased tenfold.

In this age, the term ‘engagement’ has developed several meanings. For fans, it is no longer about what they see on the pitch or on the court, it’s also what they see off it, and quite often online.

Fans’ thirst for more access and content of their favourite teams and players has opened up new commercial opportunities for rights-holders and new ways to monetize their assets.

With the coronavirus pandemic forcing sports to be played behind closed doors, match day revenues have dried up, which has made it crucial to find new revenue streams to leverage large fan bases.

Reach

Sport fans range far and wide across various geographical locations across the world, so failing to put a strategy in place to engage with them and monetize that fandom should be viewed as a metaphorical own goal in this current age.

“The important factor is authenticity,” Alfredo Bermejo, digital strategy director of Spanish soccer’s LaLiga, tells GlobalData Sport. “For us, this comes from opening accounts in local languages on local platforms of choice, adapting our content to the requirements of that platform and building content strategies using local market experts.

“We then work with our business intelligence and analytics department to study the data relating to user engagement in order to refine and improve the strategy over time.”



For major sports teams and leagues, it's easier to reach fans when they're in the hundreds of millions, but for those with smaller fan bases, the challenge is to attract new ones.

According to Adam Field, head of global fan engagement at English Premier League club Chelsea, big, tier-one clubs typically reach up to 500 million fans around the world.

Speaking at the Digital Transformation Conference in London in 2019, Field outlined how it is "a major challenge to communicate at scale but still have an impact with individuals" but stressed that it's something clubs cannot afford to ignore in this digital era.

The meaning of fan engagement has broadened, and it has forced sports properties to do the same in their approach.

"Fan engagement has almost become a term that is so well-used that I'm not entirely sure what people mean by it," Charlie Beall, consulting partner at digital sports agency Seven League, tells GlobalData Sport. "What I mean by it, is that you have some kind of two-way relationship with fans.

"Sport has been very good at broadcasting to fans and while there's still a need to do that and put a product in front of them, what we're seeing in media more generally, is that audiences are becoming more accustomed to interactive experiences where they play some kind of role in the experience. Whether that's guiding it, playing it through gaming, or just being part of the discussion around it."

From a broadcast perspective, fan engagement is now about giving the viewer a similar or better experience to watching it in a stadium.

UK pay-TV operator BT Sport is one broadcaster which has regularly looked to enhance the viewing experience since launching in 2013 with technological advancements aimed at increasing its subscriber base.

Its most recent offering came in collaboration with its mobile network EE in October 2020 to create 'Match Day Experience', which includes a function for fans to remotely watch games together.

"Ever since we've launched, we've always tried to put fans in our output," Jamie Hindhaugh, its chief operating officer, explains. "For me, fan engagement is personalization, and it's giving them information that enhances the viewing experience and that's what true engagement means.



“To be able to watch a game and know the speed a player is running at or who’s passing to who and where different players are, that’s engaging and engages me in the content.

“We’re not just looking to roll-out gizmos and gadgets because you can put a lot under fan engagement, but what we’re trying to do is develop products as fans ourselves to enrich that engagement.

“It is prevalent at the moment, you can’t go to games with your friends and we’re enabling that. You can’t be inside the stadium, we’re engaging that, so it is true engagement in the way I would define the term.”

In the context of fan engagement, a successful two-way relationship generally means fans getting greater access to the content they want and more interactivity, while for rights-holders it’s about generating additional revenue and increasing their following.

Content Is King

In this particular period, content is very much king, as it represents the most effective way of engaging with fans. Now more than ever, fans are craving as much content as possible, as they can’t get up close and personal to their favourite teams and athletes.

Teams, brands, and broadcasters alike are all in the same boat and are increasingly looking to engage with fans to increase their reach and revenue. They may be competing for the attention of fans, but ultimately need to utilize each other’s assets to do so.

Marcus McDonnell, head of production at digital marketing agency FiftyThreeSix, says: “Any sponsor or marketer is going to be looking for content opportunities as a way of connecting with fans and if they connect with fans in the right way they can possibly do business with those fans or convert those fans into customers for themselves at a later point.

“Covid-19 has accelerated these trends and changes a little bit, but you’ll probably see a lot more money being invested into content opportunities as a means of engaging with fans.”

This greater demand for content has seen several sports teams open up their doors to let fans in to see more from behind-the-scenes through trendy sports documentary series, with internet powerhouse Amazon especially bringing it to the forefront.



Amazon's 'All or Nothing' series has proved to be hugely successful and has featured several sports teams such as soccer's Manchester City, Tottenham Hotspur and the Brazil national team, the New Zealand rugby union team, Australia cricket team and a handful of NFL franchises.

The online retail giant has also produced a separate docuseries about Leeds United, while Netflix launched one with English third-tier outfit Sunderland, which particularly made waves globally because of the level of access given to fans.

Amazon recently released its All or Nothing series about Tottenham and featured some of the ways the club internally dealt with the 2019-20 season being disrupted by Covid-19, which provided a unique and timely insight. The nine-part series commanded a lot of attention on social media and proved to be hugely engaging to both Tottenham and non-Tottenham fans.

That attention is likely to lead to more clubs letting the cameras into their facilities as it represents an alternative revenue stream with big companies ready to offer up big bucks to create that content.

Tom Fox, FiftyThreeSix's head of digital, explains: "There's been an explosion of the behind-the-scenes docuseries stemming from [the NFL's] Hard Knocks and going into Sunderland, Leeds, and Tottenham now and what they're trying to do is build their global fanbase.

"You feel like you have a connection with that team now, and you develop a relationship with the players, key characters and narratives of the whole thing. That's on the club level and can only increase to drive revenue with companies like Amazon coming with big budgets allowing them to do so."

For rights-holders, fan engagement presently sits high in terms of the ways they can increase commercial income.

For many, fan engagement has been a key commercial aspect in their business plans, and those who have always placed a degree of importance on it and have digital strategies embedded are likely to come through this period even stronger.

The pandemic has forced the sports industry to get creative and look for new ways to somewhat make up for the loss of match day revenue.

"One of the central pillars of our team is activation," Jorge de la Vega, LaLiga's commercial and marketing director, says. "Where partners are willing to activate, rather than just rely on visibility, there is a stronger revenue opportunity. We have an expert international team that understands how to build sophisticated



activations and create a marketing funnel, insights that we share with partners daily.

“Another advantage is our global network, through which we have over 40 delegates on the ground in important markets. Their local insights and connections are invaluable in helping us create better local activations and increase our audience, which in turn increases our value to partners.

“There has naturally been a need to focus more on the experiential side, and we have created new opportunities for our partners here. Our non-match day content is extensive thanks to the work of our digital team, our apps, and games, our OTT platform and more.”

In the Premier League, for example, just 0.5 per cent of fans experience a match inside the stadium, but its global viewership is in the billions. Therefore, the digital space has become key for connecting with all fans and bringing those communities together.

“There’s a commercial element and an engagement element,” Fox outlines. “They have to keep on trying to add value to the fan base, just because they can’t buy a ticket right now or attend a game, it doesn’t mean you can’t communicate with them and bring value from their club, the athletes, or the players themselves.

“On an engagement level, it’s about keeping on and continuing to bring good content and from a monetization and commercial point of view, there are a plethora of different assets such as retail, merchandise, direct-to-consumer, OTT, and it’s about putting in the right tools to be able to sell these things and be able to recoup this lost revenue.”

The entire sports ecosystem is undoubtedly undergoing a period of change and the big question, at least for the next 12 months, will be how can they make back the money lost and return to a stable financial position?

It’s a question ringing in the ears of commercial directors throughout the industry, and many will be searching for that lightbulb moment and working closely with their marketing teams to ensure they find the most unique and innovative ways to monetize their assets through alternative means.

“If you look at alternative revenue, one of our strongest beliefs is that sport needs to diversify its revenue,” Beall explains. “I think it’s got a bit lazy as a whole and become over-reliant on inflated media rights and if those were to go down, it’s going to have much more of a mix of revenues. So, it’s going to be a combination of membership, ecommerce, ticketing, sponsorship and media rights and potentially wagering.



“The interesting one of that is going to be the membership piece. Can you get fans to give you micropayments for certain things, whether it’s benefits, access to exclusive content, and what will they, and won’t they, pay for?”

“Everybody thinks they can sell content to fans, and yes, you can, but there’s only certain content that people are prepared to pay for. So, it’ll be a question of how sports organizations can create bundles of value and then what the monetization model for those bundles of value will be. Those are problems that are yet to be worked out, and that’s where it’s going.”

Data and Tech

Within the sports industry, many are increasingly looking towards technology and data to bridge that gap and tap into a wider audience. Professional sport now enjoys a truly global following, so it’s only natural that organizations will look to utilise new and emerging technologies.

These include OTT, video-on-demand, augmented reality, virtual reality, wearable technology, artificial intelligence and blockchain, which have opened up new and innovative ways to reach a younger and more digitally savvy fan base.

A huge trend in the soccer market at present is the use of blockchain-based digital collectibles as a fan engagement tool, which many of the top clubs in Europe have latched on to.

In recent years, several players have emerged within this market including Sorare and Socios.com, which between them have partnerships with the likes of Barcelona, Paris Saint-Germain, Juventus, Atletico Madrid, AS Roma, West Ham United, Belgium’s Pro League and Japan’s J. League.

Another emerging player in this sector is sports tech company Fantastec, which was founded in 2017 with an aim to “enable ever richer, more rewarding fan experiences” as well as “inventing the future of international sports fan engagement.”

Fantastec already has partnerships with Spanish giants Real Madrid and England’s Arsenal and are developing an interesting proposition for the sports market after spotting a gap in the market.

“I recognised that fans were just jumping on Twitter, Instagram, Facebook, or Snapchat but go a little bit deeper in that data, and you’ll find out that they want to do a little bit more,” Steve Madincea, Fantastec’s managing director and founder tells GlobalData Sport. “They want more engagement and more interaction because 99 per cent of them are never coming to a match.”



So, what value do blockchain-based digital collectibles offer to clubs?

“First and foremost it’s an engagement tool for those 99 per cent of fans that are never going to come to a match,” Madincea explains. “People are getting tired of just liking a social thing or retweeting it or something, they want to actually engage, that’s number one.”

“The second is the monetization aspect, there is a way to monetize these things and the third thing, that is a huge benefit to the clubs, is they get this data direct now and get to control that environment. You’re really reaching out to those fans at the top of the funnel with digital collectibles.”

Understanding fans and their consumer behaviour is also another key aspect within fan engagement, and having this information allows sports properties to target and personalize offerings to maximize the potential of monetizing their assets.

Fan data has always been crucial for sports organizations, and it's even more so now that teams cannot engage with fans the way they are used to – in stadiums and arenas. For commercial and marketing teams, it’s now easier and more important to measure if you’re achieving the levels of engagement you set out.

Data-driven decision-making is almost as vital as anything when it comes to understanding your fan base.

“From the activations and content we already offer, we work with our business intelligence team to study the data about how fans engage in order to refine and improve future activations,” de la Vega says. “Many of our partners are very active in these fields and are willing to activate, which means we can all share insights and improve.”

US-based location company Gravy Analytics recently launched fan engagement platform, FanVue, which it describes as a data dashboard that provides a comprehensive view of sports fans’ real-world behaviour and the brands they engage with.

The company claims that FanVue offers sports franchises data-driven insights on where and how to reach fans, making it easier to guarantee brands a return on their sponsorship investments.

“In the television world, they’ve been doing this for a long time,” Jeff White, Gravy’s chief executive, explains. “You watch a sporting event, and they know the viewership, they know the exposure, and it impacts ad rates, so we’ve just taken



that same concept to the sports world, so sponsors now can understand if the fans' behaviour changes before and after the event.

"As much transparency and measurability as we can get on behalf of the venue owners and sports teams, the better they can command higher rates and the brands will be more comfortable knowing they haven't wasted their sponsorship dollars."

According to White, data and measurability can provide a win for sports teams, sponsors, and fans alike.

"Gone are the days when sponsors are going to blindly hope and pray that their sponsorship opportunities are leading to downstream results," he says. "Before, we had the excuse that it was impossible to measure, but now in an aggregated way we can understand the impacts of those sponsorship opportunities.

"I don't think we're ever putting the toothpaste back in the tube from the ability to create transparency and measurability to the sponsorship opportunities and if they do it right, it should create three wins.

"It creates a win for the consumer, where they have a better relationship and more intimate discussions with brands. It should be a win for the venue owners because they should be able to command higher rates by providing transparency and measurability to their sponsorship efforts, and then the brands can now better target and understand the impact of the dollars that they're spending. So if they do it right, all three parties should win."

So will commercial teams be at a disadvantage if they don't make data-driven decisions in their marketing efforts? (Sportcal Insight, n. d.)

The rising influence of the online and digital space has created opportunities for brands that benefit from sports sponsorships via social media platforms.

These live sporting events mean a lot of brand exposure for these popular events that gain unprecedented attention from large audiences. This is purely because of fans coming together as they are compelled to support their teams.

The shift in the marketing superstructure has been tough on the preparation process. But with the latest technology, monitoring makes it easy to track for brands. The impact measured is useful for the brands to analyse where they should spend in the future.

Tracking user engagement is also beneficial for brands to find and predict as vast amounts of video and image content are being uploaded and shared on social media. The



increased demand for evidence of ROI as a follow-up and support must come through data and tracking.

It is a staggering reflection of the fact that regardless of the medium, understanding the geographic, demographic, and other attributes of your audience reflects on recognition, especially in today's pay-to-play social media environment to guarantee their messages are seen to build the reach of the brands.

The brand is about marketing, advertising, sponsorship, getting the name seen, and being associated with wonderful things.

Brands' biggest task ahead is to innovate and come up with strategies that can deliver value.

Living up to the phenomenon of sports marketing, Daraz (Alibaba Group) has also joined the sports marketing industry and is using the power of sports, which is deeply embedded in South Asia, to unite the users on its platform through multiple sports partnerships.

One great opportunity explored by the brand was Tokyo 2020 as part of Alibaba Group's worldwide partnership where they aimed to deliver dreams of local Olympians in Pakistan, Bangladesh, Sri Lanka, and Nepal.

Marketing segmentation has always been important. Yet, only 33% of companies using it say they find it significantly impactful. A big reason being that many companies depend solely on traditional approaches, such as geographical and demographic segmentation.

There is no denying that knowing your average customer's location, age, gender, etc. is essential to addressing their needs. Just understanding who they are is not enough, though. You must also know what they do — so leveraging other customer data, like behavioural data, is equally important. Without this, other segmentation data you have collected may be rendered moot.

That is why behavioural segmentation is a marketing strategy your team requires in its arsenal.

What is behavioural segmentation?

Behavioural segmentation divides consumers according to behaviour patterns as they interact with a company. As the name suggests, this category of segmentation studies the behavioural traits of consumers — their knowledge of, attitude towards, use of, likes/dislikes of, or response to a product, service, promotion, or brand.

The objective of behavioural marketing is to:



- understand how to address the particular needs and desires of customer groups,
- tailor your product or service to meet those needs and desires,
- discover opportunities to optimize the buyer's journey,
- quantify their potential value to your business, and
- develop a smart marketing strategy to improve and expand your customer base.

It is important to note that it does not exist independently of other types of segmentation. Characteristics such as a customer's age, gender, location, income, and occupation frequently correlate to behavioural data. That means behavioural data can often be used to confirm certain conclusions about other segmentation data.

Why is behavioural marketing important?

Dividing the market into smaller segments, each with a common variable, allows brands to use valuable time and resources more efficiently. If all consumers experienced the same marketing technique, it would only work on some of them. By understanding your prospective market better, and dividing them accordingly, you can employ advertising personalization to ensure their needs are met

Behavioural targeting has four main advantages:

Personalization: Understanding how to target different groups of customers with different offers — at the most appropriate times, through their preferred channels — increases personalization, allowing you to nurture them further along their buying journey.

Predictive: Historical behavioural patterns help predict and influence future customer behaviours and outcomes.

Prioritization: Identifying high-value prospects with the greatest potential business impact enables you to make smarter decisions on how to best allocate time, budget, and resources

Performance: Monitoring growth patterns and change in segments over time helps gauge business health, and track performance against goals.

Behavioural segmentation examples

1. Purchasing behaviour

Purchase behaviour-based segmentation looks at how customers act differently throughout the decision-making process. It helps businesses understand:

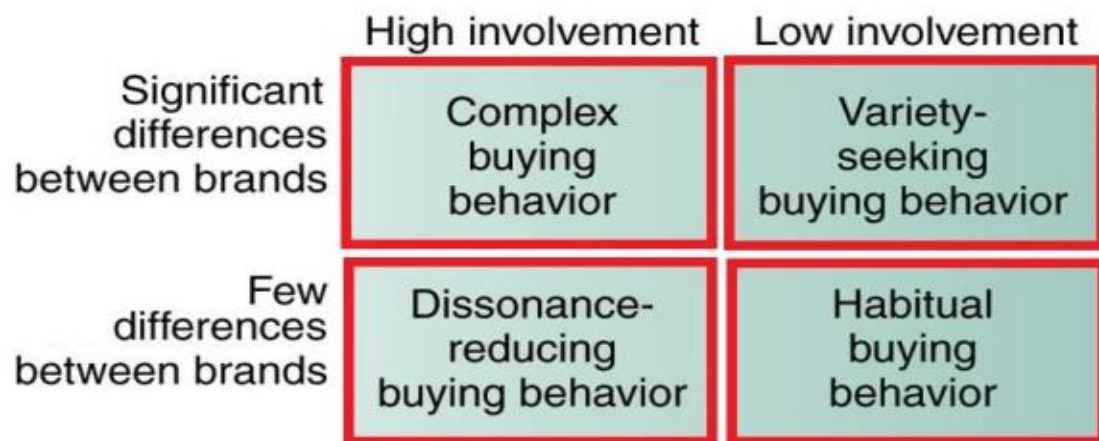
- How customers approach the purchase decision.
- The complexity of the purchasing process.



- The customer's role in the purchasing process.
- Barriers along the path to purchase.
- Which behaviours are most and least predictive of purchase-making.

Purchasing behaviour can be broken down into four main categories:

Figure 2: Four main categories of purchasing behaviour



From theintactone, (s. f), <https://bit.ly/3NbWQWU>

Complex: A customer is highly involved in the purchasing and decision-making process, and there is a significant difference between the brands being considered. For example, if someone is deciding between buying a Mercedes and a BMW, there is likely a lot of weighing on that decision – it is complex)

Variety-seeking: When a customer is not very involved in the purchasing process, but there is still a difference in the product being offered by different brands. For example, a TRESemmé shampoo customer might try Suave shampoo one day. If they liked it, they might stick with it; if not, it is rather inconsequential.

Dissonance-reducing: When a customer is making a rather major purchasing decision, but there is not much difference between the similar products being offered by different brands. For example, when purchasing a new bedroom set, a customer might base their decision on price rather than the quality of the product.

Habitual: When a purchase does not require much involvement, the product being offered does not vary much across brands, and it is mainly just a personal preference that matters. For example, there may not be much difference between Lays and Ruffles to impartial customers. However, some people would never choose one over the other.



Most customers fall into each of these categories at some point in their lives. Although, as much as their classification depends on their purchasing behaviour, it also depends on the product purchased. By understanding how these two entities relate to one another, you can determine the best strategy to market your product or services to them.

2. Benefits sought

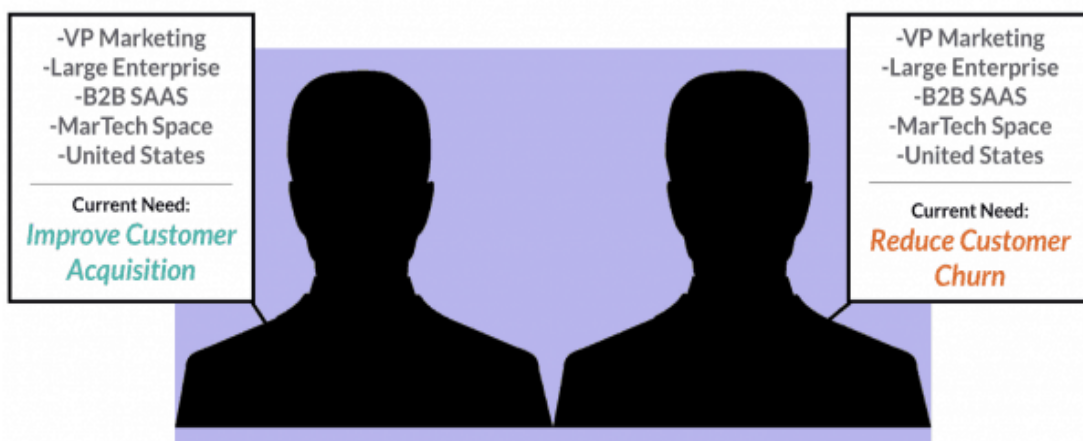
As consumers research a product or service, their behaviour can reveal valuable insights into which benefits, features, use cases, or problems are most applicable to them. And when a customer places a higher value on certain benefits over others, these primary benefits are the driving factors for that customer.

Let us revisit the shampoo example. People who buy different shampoos might do so for a variety of reasons:

- volumizing
- oil reduction
- dry scalp
- damaged hair
- scent
- price

This means, two prospects may look identical regarding their demographic makeup, but could have completely unique values regarding the benefits and features that are most important to them.

Figure 3: Example of benefits sought



From 10 Powerful Behavioral Segmentation Methods to Understand Your Customers, in Pointillist, n. d., retrieved March 15, 2022, from <https://www.pointillist.com/blog/behavioral-segmentation/>

So if you have several customers all seeking the same product for a different primary benefit -- and you message all of them about the same benefit -- you could be missing the mark with everyone else, wasting your time and budget.

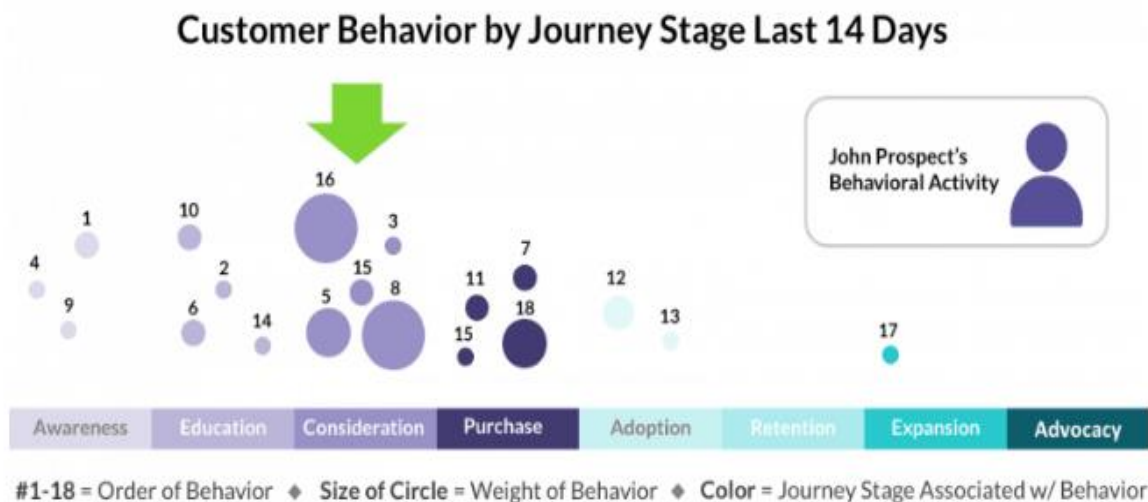
3. Buyer journey stage

Behavioural segmentation, according to the customer journey stage, allows you to align communications and personalize experiences to increase conversions at every stage. It also helps you discover stages where customers are not progressing, so you can improve your marketing efforts there.

Segmenting customers by journey stage is not always easy, though. Customers in various stages still interact and engage with content in other stages, across a variety of channels, at all different times, and in no particular order. Therefore, a single customer behaviour or interaction is not enough to pinpoint in which journey stage they exist.

To improve that accuracy, you must leverage all of their behavioural data across various touchpoints and channels so that you can build weighted algorithms based on patterns of behaviour over time, like this:

Figure 4: Example of customer pattern of behaviour



From 10 Powerful Behavioral Segmentation Methods to Understand Your Customers, in Pointillist, n. d., retrieved March 15, 2022, from <https://www.pointillist.com/blog/behavioral-segmentation/>

This prospect is currently in the consideration stage, but their behaviours occur in utterly random order, not linearly from stage to stage. Trying to identify a consumer's buyer journey stage based on just one or two of their behaviours can easily lead to a wrong



assumption. Above is a much more realistic view of how customer behaviour can look, and by considering all of their actions, their current journey stage becomes clearer.

4. Usage

This category can be a strong predictive indicator of loyalty or churn and, therefore, lifetime value. It looks at:

- How customers are using your product or service.
- How often they use it.
- How much time they spend with it.
- What features they use.
- How many users from the same account use it.

Usage-based segments include:

- Heavy users (aka superusers) -- Your most avid and engaged customers that spend the most time using your product or service, and purchase most frequently
- Medium users (aka average users/mid-level users) -- Customers that semi-regularly, but not very frequently, use or purchase your products (often time- or event-based)
- Light users -- Customers that use or purchase much less than other customers, sometimes even only once

Segmenting by usage helps brands understand why certain types of customers become heavy or light users. It enables them to test different marketing initiatives to increase usage from lower use customers and potentially attract new heavy usage customers.

5. Occasion or timing

Occasion and timing-based behavioural segments typically refer to both universal and personal occasions:

- Universal occasions -- Purchasing patterns that apply to the majority of your customers or target audience within a certain demographic (holidays, seasonal events, etc.).
- Recurring-personal occasions -- Purchasing patterns for an individual customer that repeat consistently over a period of time-based on their personal life (birthdays, anniversaries, regular monthly purchases, etc.).



- Rare-personal occasions -- Purchasing patterns for an individual customer that are more irregular, spontaneous, and difficult to predict (weddings, road trips, etc.).

A more modern application of timing-based behavioural segmentation deals with time (day/week/month) when a customer is more apt to engage with a brand or be more receptive to offers. This includes individuals' preferences for reading email, browsing social media, researching products, and more. For example, Marco's Pizza sends emails on Fridays more than any other day of the week because people are much more likely to order pizza over the weekend.

6. Customer loyalty

Customer loyalty goes hand-in-hand with some other behavioural segments, such as purchasing behaviour, usage, and timing. The difference, though, is that habitual customers are continually in need of the product or service you offer, while loyal customers continually purchase your product or service.

It is vital to segment by customer loyalty because these people generate the bulk of your revenue, as it costs less to retain than to acquire new customers, and these have the highest lifetime value. Therefore, you must maximize their value and find more customers like them.

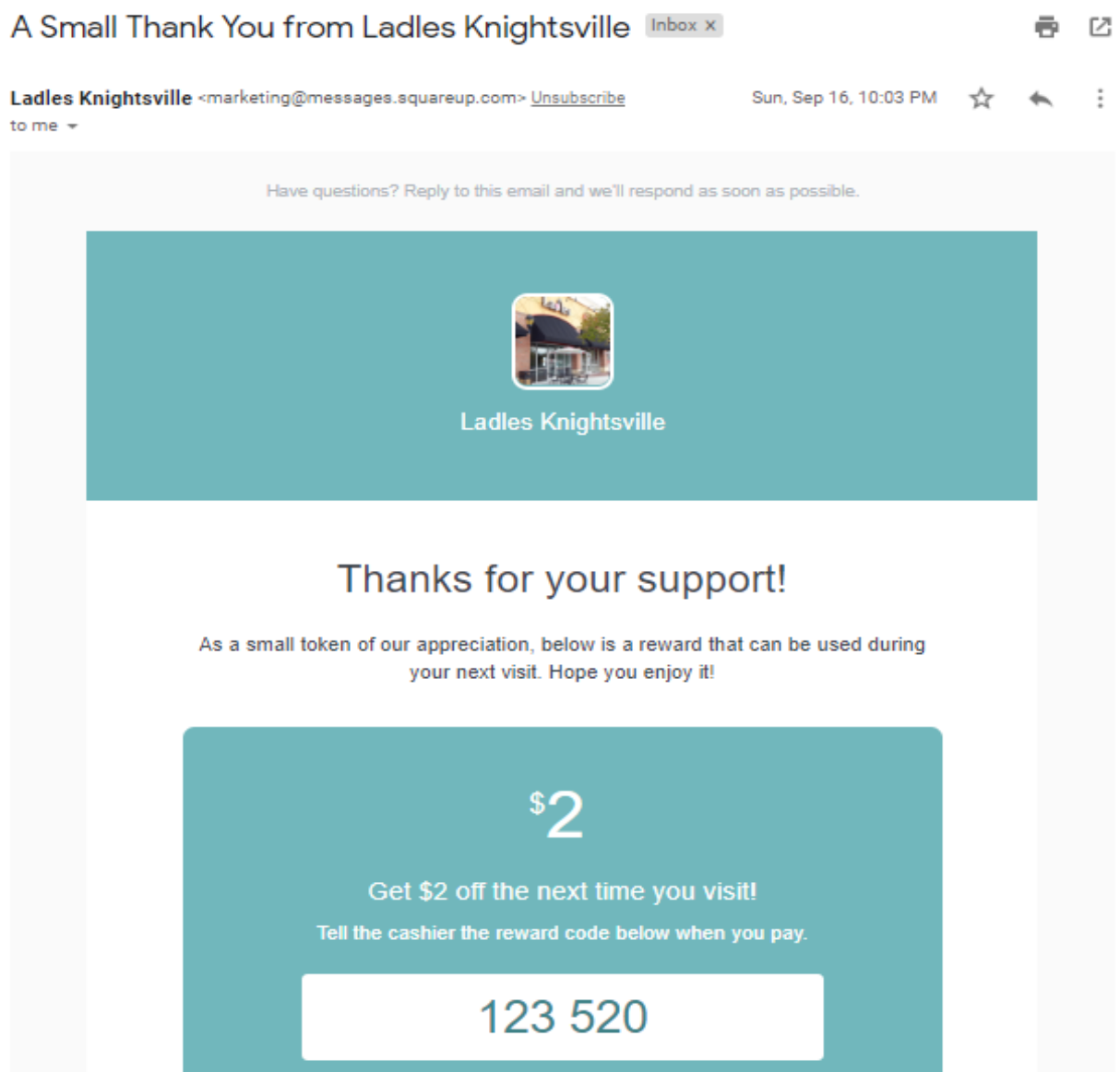
Customer loyalty behavioural segmentation may yield valuable answers to important questions such as:

- What are the key behaviours along the customer journey that lead to loyalty?
- Which customers are the best candidates for loyalty/advocate programs?
- How can you keep your most loyal customers happy?
- How can you maximize the value you get from your most loyal customers?

Here is an example of behavioural segmentation from Ladles, offering a \$2 discount on a future purchase for being a loyal customer:



Figure 5: Customer loyalty email from Ladles Knightsville



Screenshot by author.

Other industries that frequently use customer loyalty segmentation are hospitality (preferred hotel guests), travel (frequent flier programs), and finance (platinum credit card members).

7. User status

User status is another way to segment customers behaviourally. Some of the most common include:

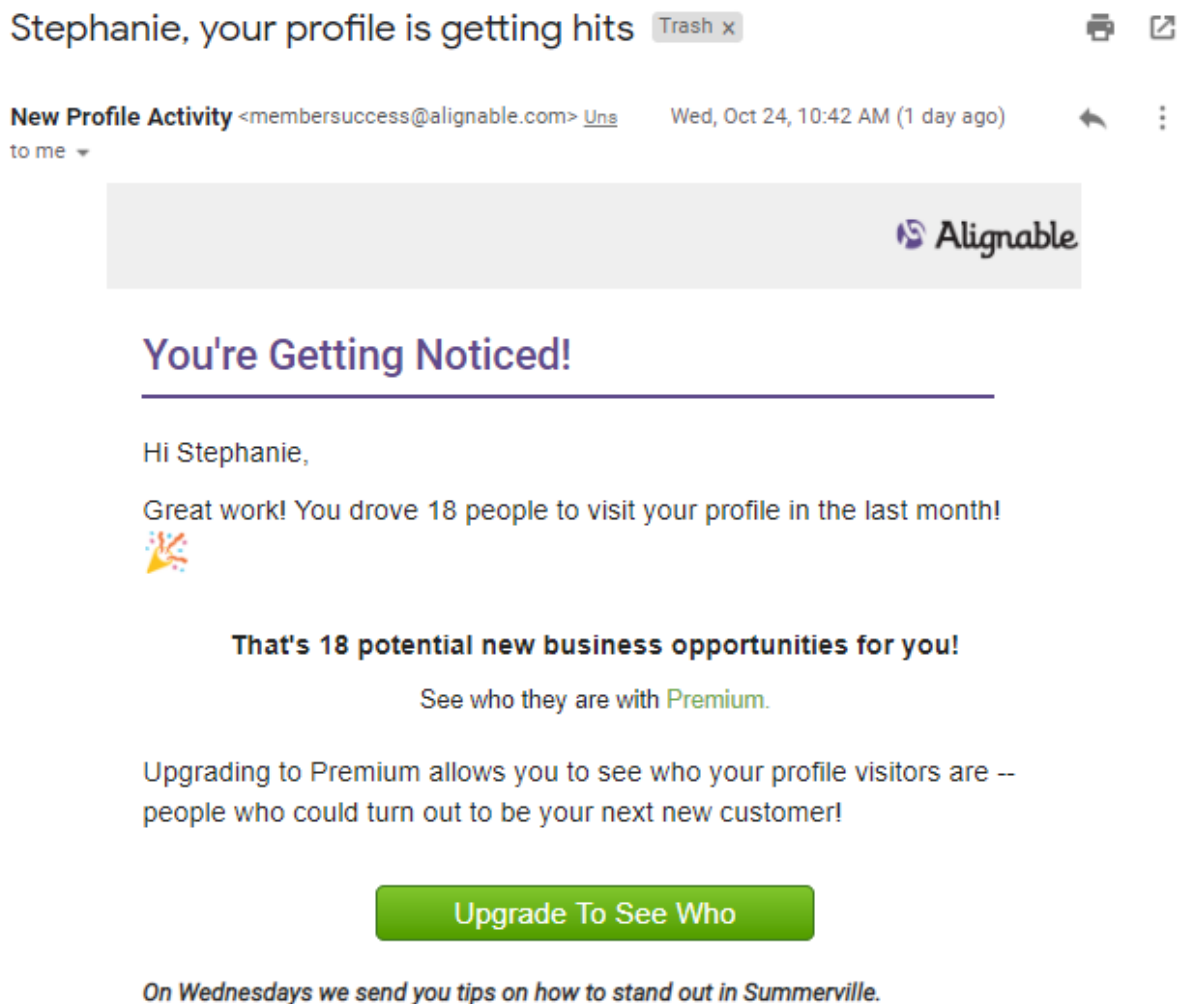
- Non-users -- May need to be made aware that they have a problem in the first place.
- Prospects -- Need to learn why your product or service is their best option.



- First-time buyers -- Might need further instruction on how to use your product.
- Regular users -- Should be introduced to supplemental products or services you offer.
- Defectors -- Former customers who have switched to a competitor who might come back to your brand if you have addressed the issue that caused them to leave.

This email was likely sent to regular users -- customers already signed up with Alignable, but possibly ready for an upgrade:

Figure 6: Email from Alignable



Screenshot by author.

You can always choose to create other user statuses outside this list. Just remember, the likelihood of retaining customers depends mostly on where they stand as users, to begin with -- and the more regular users you have, the better.



Online behaviours matter

As with the other types of marketing segmentation, behavioural segmentation gains a better understanding of who your target customer really is. The better you know and understand a customer, the more personal the value proposition you can offer, and a greater chance your offer will hit home and convince them to purchase.

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