

# VR and Live Sports

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With professional sports halted during the COVID-19 crisis, we believe major sports leagues will have to rethink their revenue structures. Once sports re-start, ticket revenue will likely remain depressed for all but the biggest events for the foreseeable future. Meanwhile ad revenue and cable fee revenue are declining as more consumers cut the cord, and general viewing trends fall. This will eventually impact the amount networks can pay for sports rights.

In light of this challenge, leagues will likely search for new revenue streams, and we believe the COVID crisis will accelerate adoption of another technological development: virtual reality tickets.

Imagine watching an NBA or NFL game with from the view of a “courtside seat,” but from your own home via your VR headset. No travel to the stadium, no parking, no expensive food or drinks. The technology for this service exists for NBA games and other events, but adoption is very low, the number of games is limited and the quality is good but not yet great.

There are numerous VR variations and fan-friendly options. Events could set up VR cameras in various locations in the arenas and stadiums, and then sell the VR view from those “seats.” The teams could sell static seats, such as courtside or right behind your team’s bench, or a multi-location package allowing viewers to switch their viewpoint. First and goal at the one-yard line? Switch to the goal line view. Users could also buy



linked tickets with friends or family that allow for audio communication during the game.

This creates a huge potential win-win for sports and fans. The average ticket price to a Knicks game is over \$150, and an NBA courtside seat can cost anywhere from \$400-\$3,600 face value. That’s \$16k to \$150k per season—just for home games. Even with a high price like \$100 per VR ticket, a fan could view a game from courtside seats for less than the average ticket price. The NBA currently sells the service as a season pass but only offers a handful of games.

Sporting events could benefit by reselling the same “seat” as many times as possible, with relatively little incremental cost per seat. They exponentially expand the number of fans paying to “attend” the games, while reaching the entire globe. Selling personally targeted ads within the VR stream would add additional revenue. Again, this already exists, but on a small scale, and no leagues have been pushing it to become a major revenue stream.

Similar technology could be used for concerts and other live events, and makers of VR hardware and software could have a successful app to drive sales of their products.

At Alger, we are always looking for Positive Dynamic Change, and we will be following this potential change in live event consumption, looking for emerging winners.



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