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We are wrong about millennial sports fans

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Millennials enjoy sports just as much as members of other generations. It's the way they consume sports that matters.

Many sports executives fear that the root cause of declining ratings and aging audiences is the disengagement of millennials from live sports.¹ “[Millennials] don’t watch TV, they don’t have TVs or subscribe to cable. So we have to bring that audience in,” Robert Kraft, principal owner of the New England Patriots football franchise, recently said.² Brian Hughes, senior vice president of audience intelligence and strategy at MAGNA Global USA put it this way: “[Their] increased interest in short-term things, like stats and quick highlights... has funneled some young viewers away from TV.”³ Jeramie McPeck, former vice president of digital and brand strategy for the Phoenix Suns, cites: “It is smartphone and tablet usage by younger people who are on Snapchat or Instagram all day long and watching a lot of videos on YouTube and Netflix.”⁴

TV trends—including declining ratings, cord shaving, and cord cutting—present a long-term challenge for traditional sports (see sidebar “The ratings slide”). But the belief that millennials are to blame is misplaced.

We aren’t losing fans, we are fighting short attention spans

With so many sports options across so many screens, fans of all ages—not just millennials—are watching fewer games and quitting them faster.

From our analysis of Nielsen data, in the 2016–2017 regular season, National Football League (NFL) ratings among millennials declined 9 percent. However, the number of millennials watching the NFL actually increased from the prior season (from 65 percent to 67 percent of all millennials). The ratings decline was caused by an 8 percent drop in the number of games watched and a 6 percent decline in the minutes watched per game (down to 1 hour 12 minutes per game). The same was true for Generation X for the NFL (a 6 percent decline in ratings, no change in reach) and for millennials and Generation X for the most recent Major League Baseball (MLB), National Basketball Association (NBA), and National Hockey League (NHL) seasons. Overall reach for sports on TV hasn’t declined; ratings have dropped because fans are watching fewer and shorter sessions.

In a world with so many sports options across so many screens, sports fans of all ages are clicking away from low-stakes or lopsided games.

¹ Nielsen defines millennials as people born 1980–1996, Generation X as 1965–1979, and baby boomers as 1947–1964. We define “live sports” as traditional sports, excluding e-sports and other competitive, nontelevised games.

² Giovanni Bruno, “Patriots owner Robert Kraft says OTT is the future of the NFL,” *TheStreet*, June 23, 2017, thestreet.com.

³ David Broughton and John Lombardo, “Going gray: Sports TV viewers skew older,” *Sports Business Journal*, June 5, 2017, sportsbusinessdaily.com.

⁴ Ibid.

The ratings slide

Ratings for major sports have dropped over the past two years, raising fears of a millennial exodus from TV. NFL regular-season viewership is down by 17 percent on ESPN; it has dropped by 7 percent on NBC, 8 percent on FOX, and 6 percent on CBS.¹ NHL regular-season ratings were down 11 percent last year, NBA down 8 percent, and MLB down 11 percent. Studio shows such as *Pardon the Interruption* and *SportsCenter* were even harder hit, losing double-digit percentages in 2017.²

Sports are holding up better than TV viewership overall; for example, in May 2017, total day ratings (including sports) were down 14 percent for broadcast networks and 9 percent for cable networks versus the prior year, according to MoffettNathanson analysis. However, that comparison provides little comfort. Sports are more dependent on live viewing than are other categories of video entertainment, which can recoup some of the lost TV engagement from time-shifted DVR replays and video on demand. Dramas and comedies have also benefited more from over-the-top services, such

as Amazon Prime Video, Hulu, and Netflix, as an additional window for time-shifted viewing.

At the same time, the TV audience for most sports is aging faster than the US population. The average NASCAR viewer is now 58 years old, up 9 years since 2006. TV viewers of the NHL are seven years older on average than they were at that time, for NFL, they are 4 years older, MLB 4 years older, and NBA 2 years older. (For comparison, the average American is 2.7 years older than in 2000.)

However, TV ratings for sports have significant upside (5 percent to 20 percent, depending on the event) from out-of-home viewing, based on new Nielsen measurements for bars, restaurants, hotels. Out-of-home sports viewers also tend to be younger, which could change our view of the speed at which audiences are aging. New measurements of digital viewing could also provide more precision, but they are unlikely to change the overall conclusion: as fans go digital, they shift to shorter sessions fragmented among proliferating viewing options.

¹ "What's next for the NFL?" *Sports Business Journal*, February 13, 2017, sportsbusinessdaily.com.

² "ESPN at the crossroads," MoffettNathanson, July 10, 2017, moffettnathanson.com.

Millennials versus Generation X: The wrong way to segment sports fans

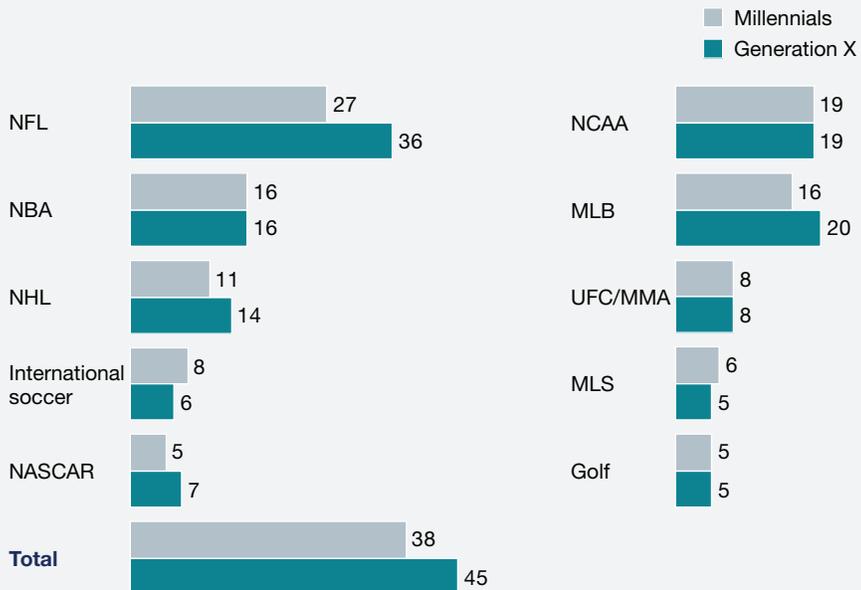
As sports executives seek to build new direct-to-consumer channels, we find that age is an ineffective way to segment and target digital sports fans. Older generations (Gen Xers in particular) are adopting digital technology almost as fast as millennials, and fans' online behaviors are far better signals of purchase intent. The following are a few important findings:

- Millennials are sports fans too.** Although more Gen Xers than millennials follow sports closely (45 percent versus 38 percent), the gap disappears for English Premier League (EPL), Major League Soccer, NBA, Ultimate Fighting Championship, and college sports, where support among millennials is as high or higher than among Generation X⁵ (Exhibit 1). Furthermore, the gender gap is closing: 45 percent of millennial sports fans are women versus 41 percent for Generation X.

Exhibit 1

Forty-five percent of Generation X are committed sports fans vs thirty-eight percent of millennials.

Overview of committed¹ fans by generation and sport
%²



⁵ Online survey of 465 adults, ages 18–53, June 2017. We defined fans as those watching or following sports at least once every two weeks.

¹ Committed fan refers to fan who identified as average, committed, or avid; excludes non-fan, casual, and very casual.

² % of that generation population (eg, 27% of millennials were committed NFL fans).

Most millennials have cable. As of November 2016, 78 percent of millennials had cable, satellite, or telco TV service at home, according to Nielsen. That's pretty close to the 84 percent of Gen Xers with cable.

- **It's not about getting older; it's about having kids.** It's true that on average, millennials watch less TV. They watched 28 percent fewer hours per week of TV in 2016 than people their age did in 2010, whereas Generation X viewing slipped by only 8 percent over the same period. However, when Nielsen segments millennials into those living with parents, those living on their own, and those starting their own families (at age 27, all three segments are about equal in size), big differences show up. Millennials with kids watch 3 hours and 16 minutes of live TV per day, fully 55 percent more than millennials living on their own and just 14 percent less than Gen Xers under 49. Another important finding: millennials living on their own spend 15 percent more time out of their homes and are 31 percent more likely to own a multimedia device than millennials with kids, and they watch 6 percent more live sports on TV than millennial parents do.⁶
- **Millennials still watch live games.** Millennial sports fans watch almost as many live games per week as Generation X sports fans (3.2 games per week versus 3.4 games per week) and the same amount of highlights and other nonlive sports (about 32 minutes per day). And more believe they have increased the amount of live sports they watch on TV than those who think they have decreased (30 percent versus 25 percent, similar to the rates for Generation X).
- **Everyone's digital.** Virtually everyone in Generation X owns a smartphone, as do millennials (95 percent versus 97 percent).⁷ The two groups own multimedia devices (36 percent versus 40 percent) and use streaming or subscription video on demand (68 percent versus 75 percent) at nearly the same rates. And they both spend over 5 hours per day on smartphones and PCs (Exhibit 2). Somewhat surprisingly, mobile video usage averages under 15 minutes per day, but PC video consumption is almost four times as high.

⁶ Millennial life stages: Impact on technology, services and media behavior, Nielsen, November 2015. Figures use Nielsen Portable People Meters, which do not measure out-of-home viewing when the TV is inaudible.

⁷ "Millennials are top smartphone users," Nielsen Mobile Insights, November 15, 2016, nielsen.com.

⁸ "Premier League: Third of fans say they watch illegal streams of matches—survey," BBC Sport, July 4, 2017, bbc.com.

A difference of degree: Streaming and social media

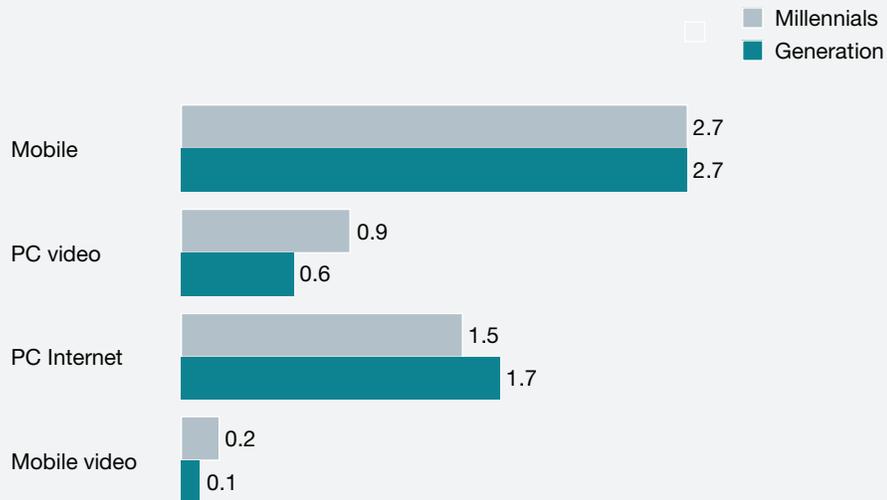
For all the similarities in technology adoption and viewing behaviors, millennials differ from their parents' generation in the following two ways that matter to sports-rights holders:

- **Millennials stream sports more often.** In our research, millennial sports fans report using streaming web sites and apps (for example, NBCSports.com, Twitter, and WatchESPN) almost twice as much as Generation X (56 percent versus 29 percent). They are also more likely to admit to using unauthorized sports streaming sites, such as Reddit streams (20 percent versus 3 percent). A recent BBC survey found that 65 percent of British millennials stream EPL matches illegally at least once per month.⁸
- **Millennials are social fans.** While millennials and Gen Xers use sports sites and apps equally, significantly more millennials follow sports on social media. For example,

Exhibit 2

Millennials and Gen Xers have similar digital consumption levels.

Daily time spent on mobile/PC
Hours per day



McKinsey&Company | Source: Nielsen

60 percent of millennial sports fans check scores and sports news on social media versus only 40 percent for Generation X (Exhibit 3). Twice as many millennials use Twitter, and five times as many use Snapchat or Instagram for that purpose. Facebook is the leading social platform for both groups, but YouTube dominates sports highlights for millennials (edging out ESPN.com). Overall YouTube engagement per monthly unique viewer has reached 37 minutes per day for 18–24 year olds versus just 15 minutes per day for Generation X.⁹

Despite millennials' heavier use of streaming and social media for sports, the gap is closing. As of 2016, millennials spent 24 percent of their media time on social media compared with Generation X at 22 percent and boomers at 20 percent, and Gen Xers and boomers are growing their social-media usage at higher rates than millennials.¹⁰

Implications: targeting digital sports fans

Given the similar trends in sports viewing among millennials and Generation X, how should sports marketers target digital fans? Here are five strategies:

- **Target mobile viewers of live streams.** In predicting the number of live sports events watched per week, we found that generational difference (that is, millennials versus Gen Xers) was not statistically significant. However, those who watch live sports on mobile watch 20 percent more live sports events than those who do not.
- **Convert the pirates.** Fans who admit to watching unauthorized streams watch 22 percent more games (across all platforms) than those who do not. Although it may be impractical to

⁹ "US Internet: From cat videos to the NFL—are we at the tipping point for online video?" MoffettNathanson, June 28, 2017, moffettnathanson.com.

¹⁰ "Sean Casey, Nielsen 2016 social media report, Nielsen, January 2017, nielsen.com.

Exhibit 3

Millennials avidly stream sports content on the Internet and follow sports accounts on social media.

Percentage of total millennial and Gen X sports fans

	Watching highlights		Checking scores and news updates	
	Millennials	Generation X	Millennials	Generation X
Uses at least one of ESPN, NBC, CBS, or FOX	45%	44%	52%	54%
ESPN sites and app	37%	32%	43%	42%
NBC sites and app	6%	8%	7%	7%
CBS sites and app	6%	8%	7%	15%
FOX sites and app	8%	10%	12%	13%
Uses at least 1 social-media platform	67%	50%	60%	40%
Facebook	40%	31%	36%	29%
YouTube	42%	18%	12%	9%
Twitter	20%	10%	20%	9%
Instagram	18%	3%	14%	3%
Snapchat	9%	2%	10%	1%
Reddit	1%	1%	2%	0%

McKinsey&Company | Source: McKinsey online survey, n=465, June 2017

target these users, they are evidently avid sports fans who could be a primary target for new direct-to-consumer streaming services.

- **Target moms.** In our sample, male sports fans with children watched 14 percent fewer live games than those without, but women with children watched 24 percent *more* sports events than those with no kids.
- **Promote tickets on social media.** Teams know to target fans making over \$100,000 per year (51 percent of whom attend live games versus 40 percent of those earning under \$100,000 per year), but they may not know that 56 percent of fans who follow athletes or teams on social media attend games (versus only 30 percent of fans who do not).
- **Highlights are the gateway to subscription video.** Fans who consume over 30 minutes per day of sports highlights are three times as likely to subscribe to sports over-the-top services as fans who do not. Fans who follow teams and players on social media are also more than twice as likely to subscribe as those who do not. Use of sports apps and mobile sites is a leading indicator; 52 percent of fans in our sample who check news and articles on sports sites and apps also watch live sports streams versus only 22 percent of those who do not.

Implications: Innovating the digital sports experience

The problem of declining attention spans will not be solved merely by replatforming TV video for PCs and mobile devices. As sports marketers develop new digital products—including

services for live-streamed events, highlights, fan commentary, news, and analysis—they should design for new, digital behaviors that cut across generations:

- shorter viewing sessions (for example, with whip-around viewing and quick navigation to other games)
- one-click tune-in access from social media or search, prompted by alerts on high-stakes game situations (rather than appointment viewing)
- convenient access (for example, the ability to watch any game for user’s favorite team or player or fantasy player, regardless of the TV network on which they are broadcast)
- rapid, simple sign-on (ideally using fingerprints or other biometrics) and payment
- fast, intuitive social sharing of game highlights and fan chatter
- quick navigation between fantasy sports rosters and live streams, especially for avid daily fantasy sports players (and sports bettors)
- fun, quick social contests to keep casual fans engaged with live games

Generation X wanted its MTV. Millennials have fear of missing out. Both generations are consuming digital sports voraciously, at the expense of traditional TV viewing. Sports marketers who target the right digital behaviors (rather than traditional viewer segments) and develop digital products to take advantage of them will build stronger fan bases than ever before. □

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