



The sports event
opportunity in
the Kingdom of
Saudi Arabia

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Building a better
working world

Foreword



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Five years ago, Saudi Arabia launched “Vision 2030,” a strategic plan to reduce the Kingdom’s economic dependence on oil. One of the goals of Vision 2030 is the creation of professional sports and a sports industry that will generate employment for Saudis as well as enhance the quality of life of the citizens. Fast forward to today, Saudi Arabia is experiencing a unique socio-economic transformation in which sports takes center stage in the Kingdom’s massive diversification efforts, with an aim to make its current and future generations prosper.

The strategic plans resonate with other Middle Eastern nations, which have for long viewed sports as the key to lift their competitive profile. Dubai, for instance, has been hosting international tennis, golf and rugby tournaments for decades. Abu Dhabi and Bahrain play host to Formula One races. Qatar is investing US\$200b to build stadiums and other infrastructure for the 2022 soccer World Cup.

In a span of only a few years, Saudi Arabia has also leaped to the forefront of becoming a new breeding ground for a flourishing sports events ecosystem by playing host to some of the biggest and renowned sporting events globally. As per a report by the human rights organization Grant Liberty, the nation has spent at least US\$1.5b on high-profile international sporting events ranging from chess championships to tennis, golf tournaments, racing and US\$60m alone on the Saudi Cup, the world’s richest horse-racing event, in a bid to bolster its reputation as well as diversify its economy by boosting non-oil sectors. Events such as Saudi Cup and the Diriyah Formula E also fill an essential social purpose by empowering the nation’s youth with ample platforms to demonstrate social and creative expression. Moreover, the nation’s largest social efforts are best visible in Saudi female participation in sports which shot up by ~150% since 2015 according to the Ministry of Sports (MoS).

A thriving sports sector prompts positive spillover and ripple effects in other sectors of the economy such as tourism, national identity and culture, public health, and, most notably, youth and social empowerment. Specifically, hosting major sporting events displays Saudi Arabia’s value-driven diversity and inclusiveness, high economic potential, and culture attractiveness to the wider international arena, thereby increasing inflow of foreign direct investments (FDI). It also enhances the attractiveness and visibility of the nation’s tourism sector. The show of big-ticket events marks a sharp turnaround for the nation, which has limited visibility on the global sporting map.

The Kingdom recently won the bid to host the 2034 Asian Games marking a testimony of its long-term strategic commitment to sports and future trajectory – one that is firmly knitted to national development.



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1

Transforming Saudi Arabia through sports

1.1 Sports: a key pillar of Saudi Arabia's Vision 2030

The Kingdom of Saudi Arabia ranks among the 20 largest economies in the world and is the largest in the Middle East. Saudi Arabia's Vision 2030 was announced in 2016 to create a thriving and diversified economy. To achieve this goal, the country announced plans to diversify its economy and raise the share of non-oil exports from 16% to 50% in non-oil GDP by 2030. Saudi Arabia also intends to increase private sector contribution to GDP from 40% to 65%.¹

Beyond economic objectives, Vision 2030 also aims to create a vibrant society by promoting a healthy lifestyle and well-being – physical and social. The Quality of Life Program was launched in May 2018 to deliver in line with this objective. Sports is central to this program, with several initiatives aiming at encouraging mass participation, improving Saudi athletes' performance in international competitions and growing the sports economy.

Figure 1: Selected sports-related initiatives from the Quality of Life Program

Objective	Strategic initiatives ²
Increase weekly participation in sports and activities to 40%	<ul style="list-style-type: none">▶ A mass participation strategy has been developed that involves motivating people through grassroots participation in physical education classes, unregulated play and recreational sports, and making the practice of sports or athletic activities a way of life.
To compete at the highest level in international events	<ul style="list-style-type: none">▶ The MoS is developing programs to train and support athletes, building high performance training centers, and endorsing the required federation infrastructure and governance to ensure that Saudi athletes are prepared to compete at the highest level in international events including the upcoming Tokyo 2021 and Paris 2024 Olympics.
Grow and empower the sports economy	<ul style="list-style-type: none">▶ Female participation in sports has increased by ~150% since 2015, according to the MoS.³▶ Twelve Saudi women were elected as members of international sports organizations, and 30 of the 64 sports federations under Saudi Arabian Olympic Committee have at least one female board member.⁴▶ The first women's football league is also under way in Saudi Arabia, with 24 clubs competing nationally.

¹ "Saudi Arabia Announces Digital Economy Policy," National Digital Transformation Unit, <https://ndu.gov.sa/en/6.php>, 29 December 2020

² Quality of Life, Government of Saudi Arabia

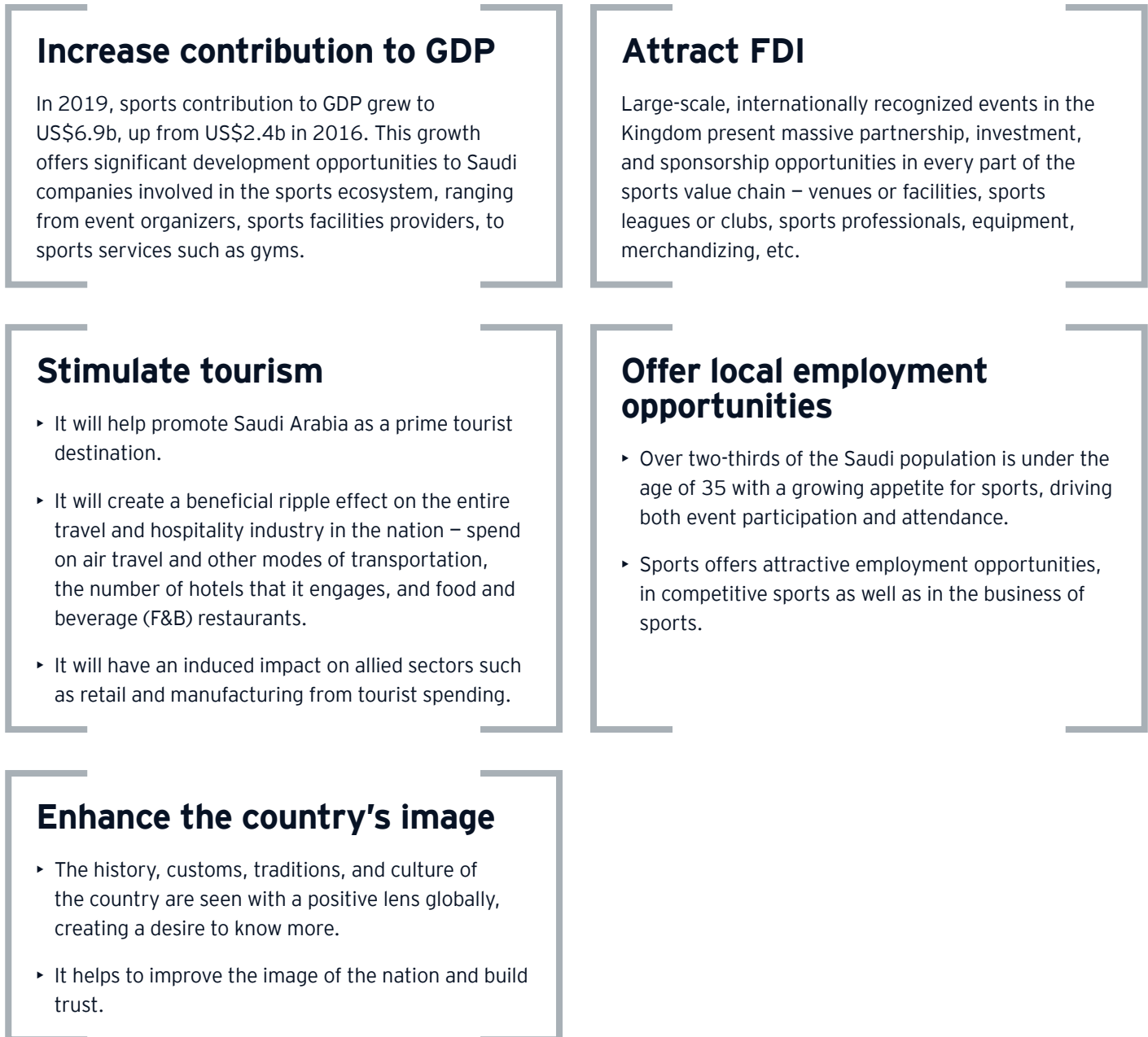
³ "Female participation in sports up 150% in Saudi Arabia," Arab News, <https://www.arabnews.com/node/1785526/sport>, 01 January 2021

⁴ Ministry of Sports

1.2 Economic benefits of sports development

From an economic perspective, developing sports offers substantial economic development potential. Sports' contribution to GDP has already grown from US\$2.4b in 2016 to US\$6.9b in 2019. While an impressive start, there is still massive growth potential in terms of GDP growth, FDI and employment as well as indirect benefits such as stimulating tourism, and improving the overall image of the country.

Figure 2: Economic rationale to invest in sports⁵



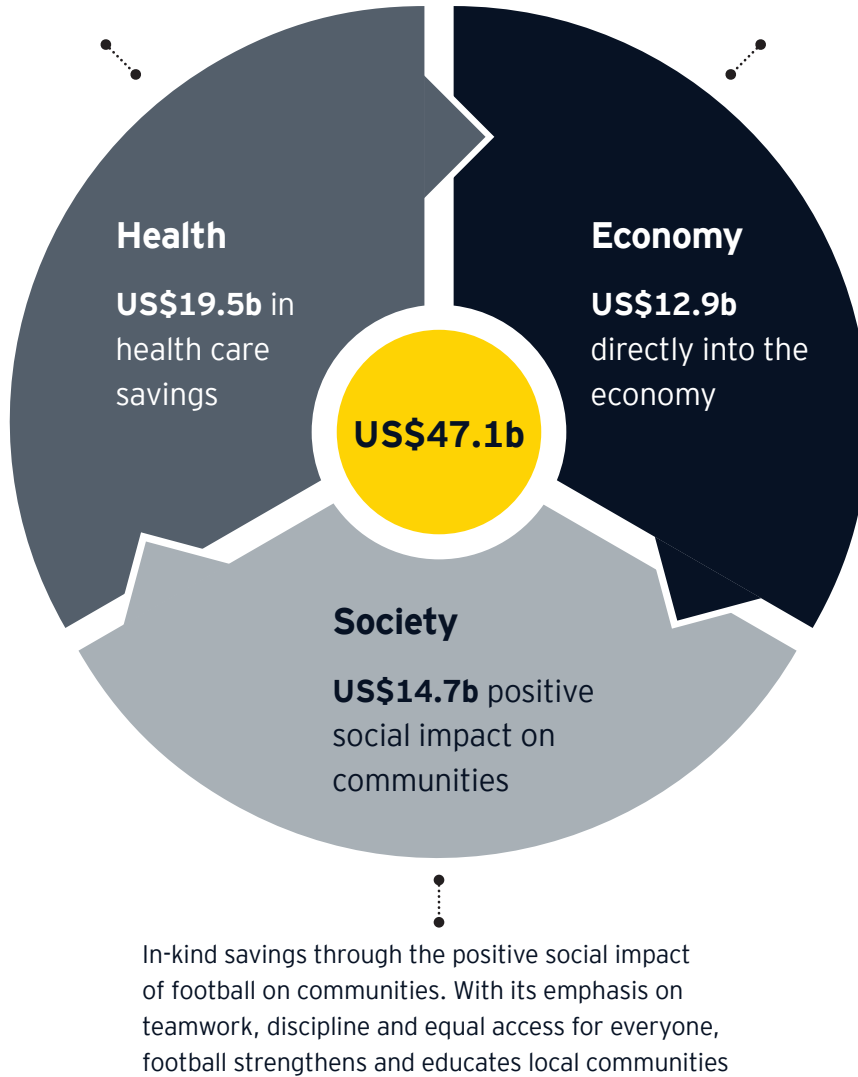
In Europe, the Union of European Football Associations (UEFA) conducted an in-depth assessment of the socio-economic benefits of football. The study suggests that the 8.6 million amateur players registered in 2020 across 25 European countries have generated a combined economic impact of over US\$47b. This includes the direct economic benefits from participation to the sport, as well as induced benefits such as savings in health care costs and societal improvements.

⁵ "Sport will be a tool to benefit the people of Saudi Arabia: Prince Abdulaziz bin Turki Al-Faisal," Arab News, <https://www.arabnews.com/node/1776976/sport>, 13 December 2020; "Saudi Youth Report in Numbers 2020" released by the General Authority for Statistics; "Investment Highlights Winter 2019 13012020 - Invest Saudi," Invest Saudi, <https://investsaudi.sa/media/1799/investment-highlights-winter-2020-en-digital.pdf>, 20 December 2020

Figure 3: Social return on investment generated by mass participation events by UEFA⁶

Generated in health care savings due to football's role in reducing the risk of Type II diabetes, heart disease, improving mental health and well-being

Generated through club membership fees, equipment, merchandise, travel, F&B, and investment in infrastructure



Sports events are an important component of tourism in general. Inbound attendants to sports events typically combine attendance to sports events with local tourism. There is also a broader opportunity in attracting tourists to practice key sports in unique locations such as NEOM and Qiddiya.

⁶ Source: UEFA

Figure 4: The sports tourism: a blooming opportunity⁷

Tourism projects placing sports at the heart to boost entertainment, hospitality and tourism industries.

1. **New Olympic village in Riyadh:** The US\$100m project includes indoor and/or outdoor playgrounds, fitness center, gymnasiums, training field and track, swimming pools, and racquet games hall. It also incorporates sports performance services such as rehabilitation, physiotherapy, nutrition, strength and fitness, and education among others. The project is scheduled for completion by December 2024.
2. **NEOM as a global destination for adventure sports:** NEOM, Saudi Arabia's futuristic city, aims to create a completely bespoke and technologically-enabled sport and physical recreation ecosystem from grass roots to high performance across a myriad of sports and major events. Key to this will be a focus on adventure sports, amplifying NEOM's natural terrain from the crystal waters of the Gulf of Aqaba to mountains at 2500m, offering visitors experiences such as rock climbing, abseiling, scuba diving and kite surfing.
 - ▶ Also, in March 2020, NEOM announced a long-term partnership with Mercedes-Benz EQ Formula E Team. The partnership focused on shared values between the two organizations and the focus on sustainable high-performance sport. The partnership offers opportunities for talented young Saudi women and men to intern with the Mercedes-Benz EQ Formula E team developing a wide range of skills and experiences.
3. **Sports complex in Qiddiya, Saudi Arabia's multi-billion-dollar giga-project:** The US\$300m project involves the construction of a gymnasium, an athletic arena, an indoor arena, an events arena, and associated infrastructures. The project encompasses over 300 activities, including grassroots sports, water activities, winter activities and safaris. Additionally, Qiddiya has built an FIA Grade 1 standard racing circuit for hosting a Formula One race or MotoGP race by 2023.

In recognition of sports' significant economic contribution potential, the Saudi Government has announced very substantial investment commitments (as of 2019):⁸



⁷ "Saudi Arabia Introduces New Opportunities in Sports and Athletics," US Saudi Business Council, <https://ussaudi.org/saudi-arabia-introduces-new-opportunities-in-sports-and-athletics/>, 28 May 2020; Ministry of Investment

⁸ "Saudi Arabia Introduces New Opportunities in Sports and Athletics," US Saudi Business Council, <https://ussaudi.org/saudi-arabia-introduces-new-opportunities-in-sports-and-athletics/>, 28 May 2020; Ministry of Investment

2 Sports events: a massive opportunity for Saudi Arabia

2.1 Saudi Arabia: hot spot for attracting high-profile sports events

Saudi Arabia has historically not captured its fair share of global sporting events.

Today, Saudi Arabia is ambitiously expanding the line-up of sporting events it is hosting – from major international events, elite events, regular national competitions, as well as numerous smaller and mass participation events.

The number of internationally recognized events doubled from 9 in 2018 to 19 in 2019. The events held so far include WWE Super Showdown, Saudi Pro-Golf Championship, Battle of the Champions, Formula E, E-Prix, International Handball Federation Super Globe, and Saudi International Meeting for Disabilities Sport.

In 2020, all major sporting events planned during the year were disrupted by the COVID-19 pandemic. However, it has once again picked momentum and is in line with the country's vision and objectives, with multiple large-scale events being planned throughout the year 2021.

Figure 5: Recent sports events hosted in Saudi Arabia



Figure 6: Events held and/or planned in 2021

Saudi International Golf Tournament (January 2021)	<ul style="list-style-type: none">▶ The third edition of the Saudi International was played in King Abdullah Economic City, at the Royal Greens G&CC.▶ The Saudi International is part of the European Tour in the season 2021, with Golf Saudi coworking with the European Tour to implement mass participation programs.
Diriyah E-Prix (February 2021)	<ul style="list-style-type: none">▶ In 2018, Saudi Arabia hosted its first-ever Formula E race – a race of the single-seater, electrically powered Formula E championship.▶ This event will take place annually for the next 10 years at the Ad Diriyah E-Prix tracks.▶ The 2021 Diriyah E-Prix night races were the third time that the Riyadh Street Circuit has been used in February 2021.
The Saudi Cup (February 2021)	<ul style="list-style-type: none">▶ The Saudi Cup returned for its second edition in February 2021, with a total corpus of over US\$30m up from US\$20m last year that took place at King Abdulaziz Racetrack and had overtaken the Dubai World Cup as the world's richest in horse racing.▶ The two-day event also saw the participation of female jockeys for the first time.
Global Series Extreme E (April 2021)	<ul style="list-style-type: none">▶ Saudi Arabia's AlUla city hosted the first race of the Extreme E racing series in April 2021.▶ The event is co-organized by the MoS, and Saudi Automobile and Motorcycle Federation, and is in line with Saudi Vision 2030's Quality of Life Program.▶ Ten teams from countries across the globe will participate in the Extreme E race. The AlUla race is the first of five races in the Desert X-Prix series, followed by Senegal in May, Greenland in August, Brazil in October and Argentina in December.
Formula One (November 2021)	<ul style="list-style-type: none">▶ Saudi Arabia will host its first-ever Formula 1 Grand Prix. The race will be held in the Kingdom as part of a 15-year partnership between the Saudi Automobile and Motorcycle Federation, and Formula One.▶ The Jeddah race, on 5 November 2021, will be the second one after the Singapore Grand Prix that is going to take place at night, and the third Middle Eastern one after the Bahrain and Abu Dhabi races.▶ Additionally, as the new owner of Formula One, Saudi Arabia is in talks with Liberty Media Corporation to host a race in 2021 within the Kingdom.
WWE	<ul style="list-style-type: none">▶ In 2020, Saudi's MoS also signed a 10-year deal with the WWE Corporation to host wrestling events.

Looking forward, Saudi Arabia will certainly be an active contender for hosting high-profile sporting events, such as the 2034 Asian Games which it recently won.

2.2 Capitalizing on sports events to drive economic growth

The global sports events market is large and increasing

The global sports events industry was valued at US\$285b in 2019 and is projected to grow to over US\$300b by 2024. North America, Europe and Asia capture the lion's share of this market.



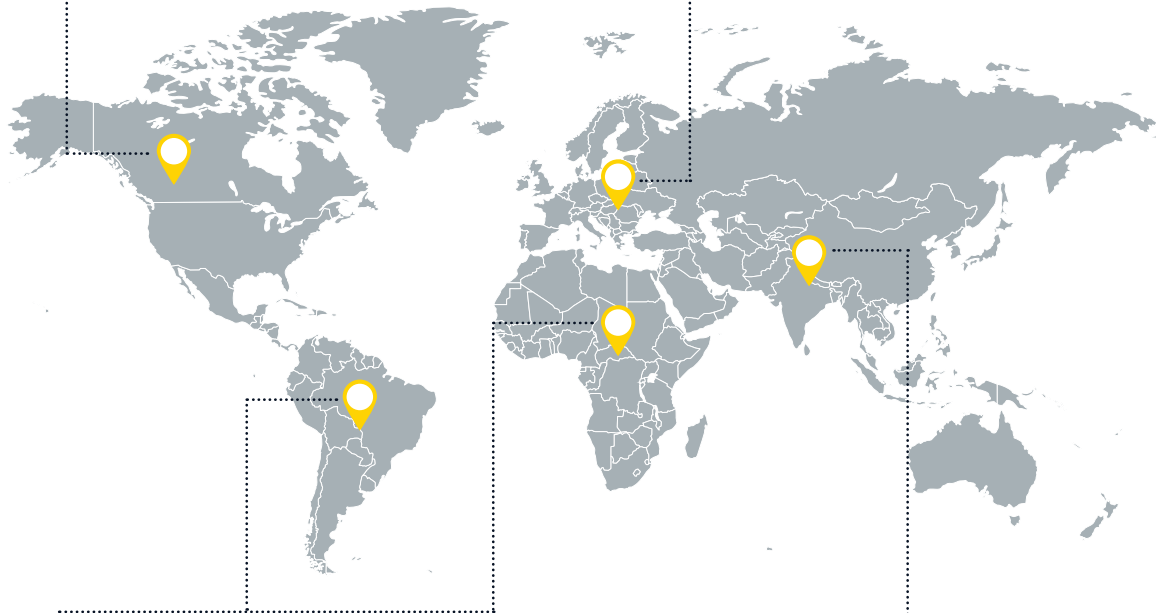
Figure 7: Global sports events industry revenues, 2019 and 2024 (in US\$b)⁹

North America

2019	2024	CAGR 2019-24
81	84	0.7%

Europe

2019	2024	CAGR 2019-24
96	94	-0.3%



Latin America and Middle East and African

2019	2024	CAGR 2019-24
19	22	2.5%

Asia-Pacific

2019	2024	CAGR 2019-24
90	105	3.2%

Sports events present strong growth potential in Saudi Arabia

The sports events industry is nascent in Saudi Arabia, with revenues of US\$2.8b in 2019, representing only 0.9% of the global sports events industry.¹⁰ The market is expected to acknowledge substantial growth in the next five years, with a growth rate of 8% per annum.

⁹ Global Events Industry, Allied Market Research, 2019 and 2021, via EMIS

¹⁰ Global Events Industry, Allied Market Research, 2019 via EMIS; Industry articles, EY analysis

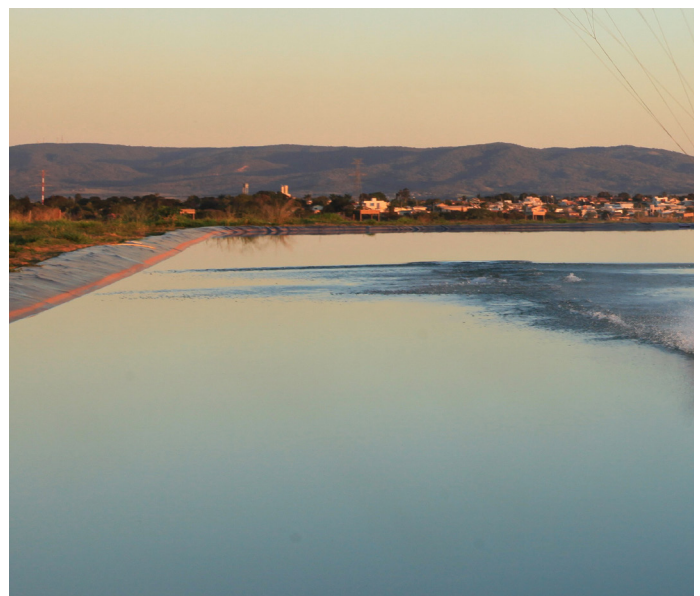


Figure 8: Saudi Arabia's sports event industry revenue (in US\$b)

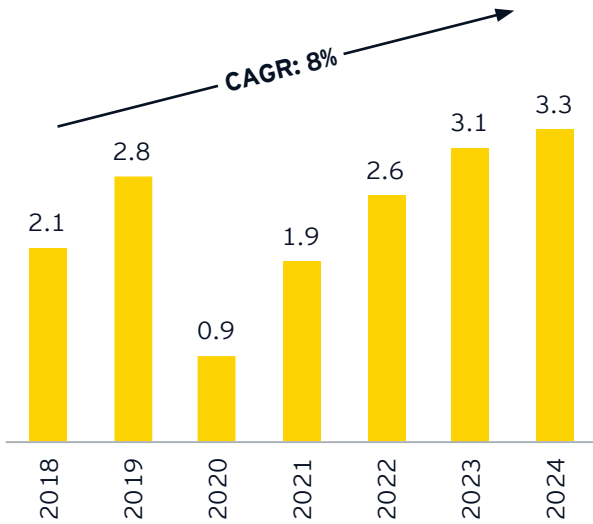
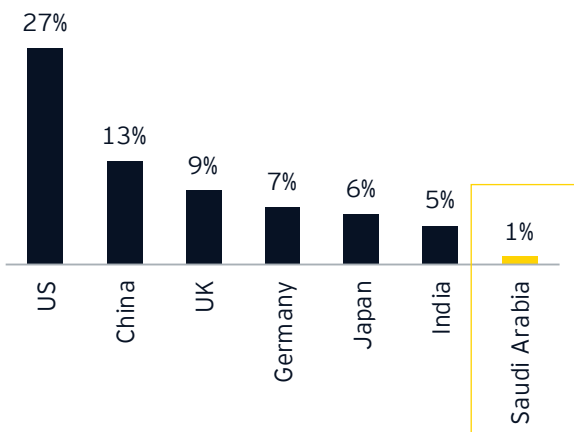


Figure 9: Comparative share analysis, by country, 2019 (in percentage)



Source: Global Events Industry, Allied Market Research, 2019 and 2021 via EMIS

Expected benefits of hosting sports events for Saudi Arabia¹¹

Hosting events will generate substantial benefits for the country. There are of course the direct economic benefits generated by the event, but more broadly speaking, sports events will act as a springboard for the overall development of the practice and the business of sports in Saudi Arabia.

To be more specific, the key benefits from hosting events include:

- ▶ Delivering direct economic impact, from spectator revenues (ticketing, food and beverage (F&B), accommodation), athlete spend (accommodation, sports services such as training facilities) and sponsorships
- ▶ Stimulating interest in sports in Saudi Arabia by encouraging both mass participation in sports and creating interest in pursuing a career in high performance sports
- ▶ Developing tourism, as flagship events will encourage spectators to combine sports viewership with tourism opportunities
- ▶ Improving the image of Saudi Arabia, as a modern nation with a thriving social and entertainment scene
- ▶ Promoting a sense of pride and unity among Saudi nationals

¹¹ EY analysis



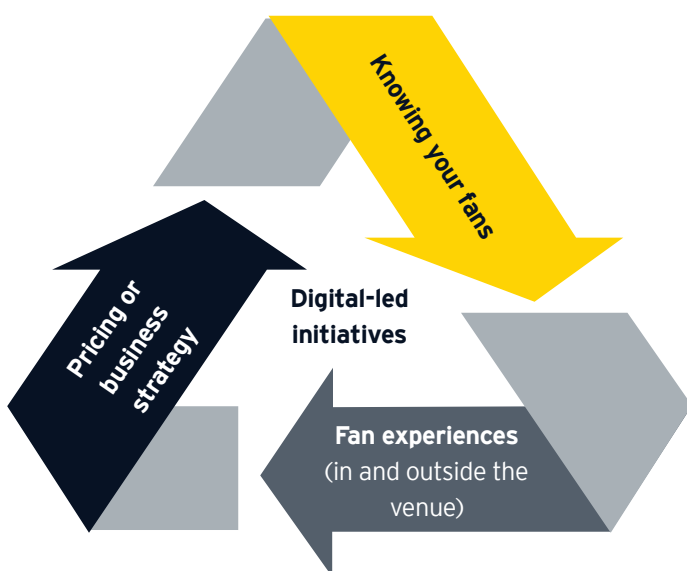
3 Turning sports events opportunity into success

Undoubtedly, attracting high-profile events to Saudi Arabia will yield significant benefits to the country – provided it is able to turn these events into commercial successes. This entails creating highly entertaining events which will attract and delight viewers as well as drive monetization.

3.1 Delighting the viewers¹²

Needless to say, the quality of athletes' performance and the interest of the game are at the heart of the sports entertainment experience. And increasingly, creating a compelling overall fan experience is essential to delighting viewers. This should be harnessed by a solid understanding of the fan base, and its different segments, to design truly compelling value propositions and fan experiences. The advent of digital has amplified considerably the range of services sports organizations can provide.

Figure 10: Sports events ecosystem



¹² Industry articles, EY analysis

Sports organizations need to focus and make investments on improving the overall fan experience both inside and outside the stadium. There is a significant need to engage and develop all year round, 360-degree relationships with fans. This requires digital transformation to be placed at the center of the fan engagement puzzle. By digitizing the customer journey starting from pre-event, ticketing, to post event and beyond, they can get closer to the fans and deliver more personalized experiences. It allows companies to treat each fan individually, while gaining a superior ability to predict, model, and support fan behaviors.

Improving live experience for fans at venues

- 1 Using cloud technology to facilitate smarter planning for fans to assess traffic conditions, public transport provisions, parking and queuing assistance, or providing medical help in case of any contingency
- 2 Digitization of ticket and security screening, and offering fans exclusive upgrades on seats or exclusive promotions from the different vendors or sponsors
- 3 Leveraging 5G to transform the digital portion of fan experience during the game and inside the stadium by facilitating TV-like graphics or imagery for accessing statistics, enhanced quality of video streaming, alternative audio to augment experience, access to breaking news, behind-the-scenes, game-day exclusives, and real-time augmented reality (AR) and virtual reality (VR) overlays for viewers to watch the game from multiple angles, such as cameras on the players and other immersive experiences
- 4 Allowing real-time betting prior to and during the game

Improving experience for fans on-the-go or at home or outside the venues

1 Investing in adequate infrastructure to power streaming services and other digital channels and capitalizing on advanced digital technologies such as AR, VR, artificial intelligence (AI) and cloud technology to create customized content for fans, offer interesting statistics, targeted advertising and promotions

Live streaming of sports while on-the-go or at home is the new media battleground between media incumbents and new streaming players with fan engagement emerging as a key differentiator

Globally, 40 top sports have already explored 16 unique ways to enhance the fan experience in their direct-to-consumer (DTC) offerings with the most popular being video-on-demand – creating a hub of highlights, replays, and/or archives, followed by personalization and then data, whether telemetry, athlete statistics or real-time leader boards.

Source: MediaKind 2021 Sports D2C Forecast

2 Additionally, sports leagues or team players need to engage in direct interaction with fans across social platforms by providing a peak into their personal space, a behind-the-scenes look, hosting livestreams of workouts, engaging with other athletes, and so on

3 Exploring other vehicles to engage fans: eSports tournaments, pre- and in-game sports betting, fantasy sports competitions. Prominent players can also enhance their personal brands by participating in livestreamed eSports and other gaming events, thereby boosting engagement

A leading Germany's football league is using AI to drive its brand and reach out to fans by providing insights on players that achieve the highest scoring among the top European leagues. With every team player visible via an online profile on the league's website and app, biographical facts including birthday, age, nationality, along with information on their career and most recent matches is provided almost instantaneously through machine learning (ML) and natural language processing (NLP) engine, and are updated automatically after every match day to provide the latest details.

Source: SportsPro Media, 2020

Key questions to consider

How can sports events companies and sports leagues fully utilize digital technologies such as 5G and cloud technology to boost overall in-stadium fan experience?

With sports consumption moving to digital platforms especially during the ongoing pandemic, what can broadcasters, OTT players, sporting companies experiment with to fill the gap and entice audiences?

How should sports organizations or leagues leverage their prominent players to create more fan touchpoints?

Which social or digital platforms are most leveraged by teams, players and fans to connect, and are the most effective for engagement?



3.2 Maximizing monetization opportunities

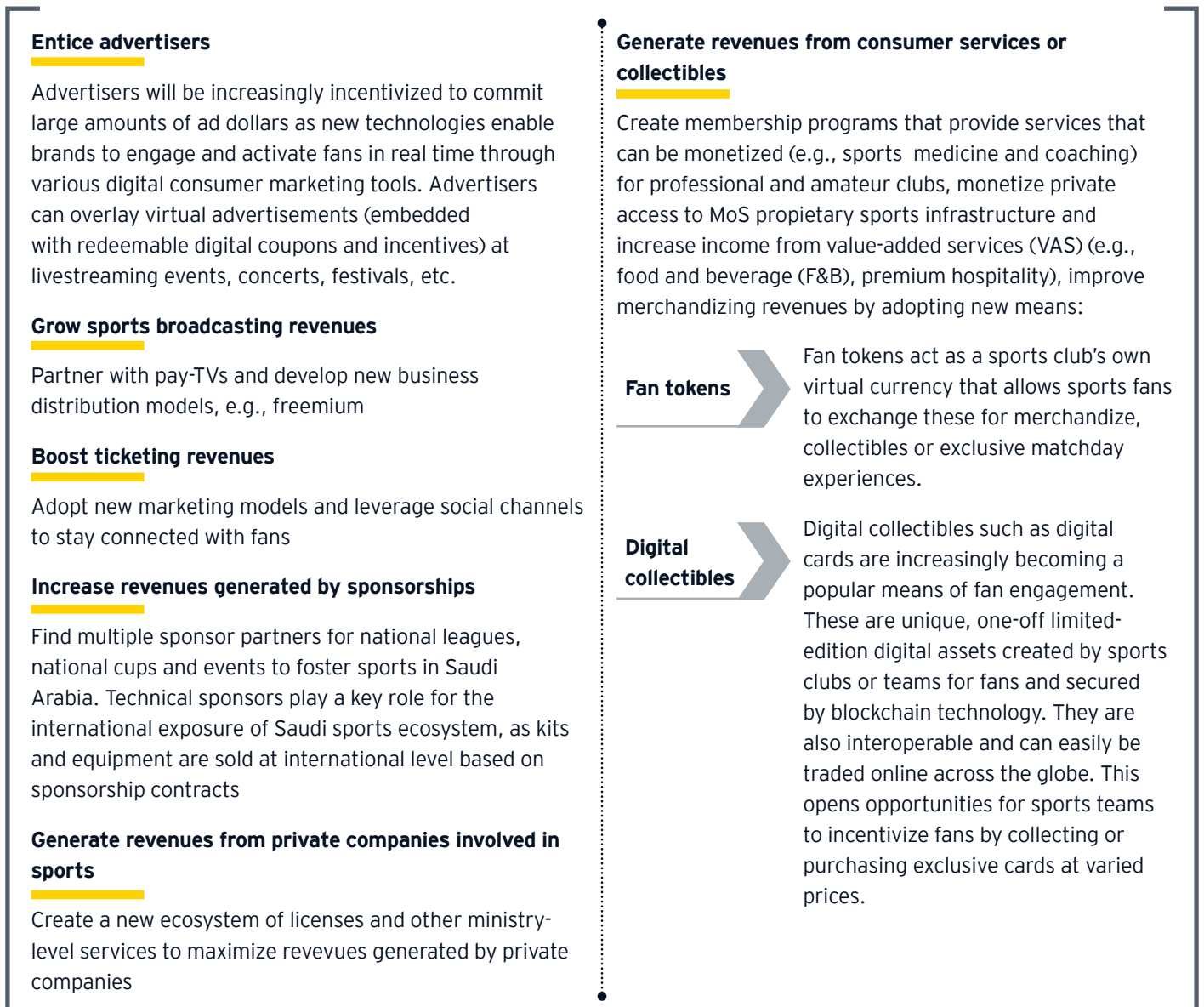
International sports events are relatively new in Saudi Arabia. The Saudi Government will certainly provide an initial boost to the development of the sector through investments, but long-term financial sustainability will be essential. This will require addressing challenges specific to Saudi Arabia, in particular:

- ▶ Limited willingness to pay for viewing live sports events, as today Saudis attend football matches virtually for free

- ▶ Limited advertiser budgets for sports events, as until now these were not part of marketing plans
- ▶ Absence of a real sports pay-TV platform focused on Saudi Arabia

Despite these challenges, event organizers will need to leverage a wide range of revenue generation opportunities. Certainly, at the beginning, significant investments in educating viewers and advertisers alike along with highlighting the value for money or return on investment (ROI) will be required to stimulate willingness to pay. The figure below outlines some of the revenue generation opportunities at hand:

Figure 11: Key sources of revenues for events



Data monetization: the new hot property

Data monetization is likely to gain importance and emerge as a huge revenue stream for sports organizations. Data analytics, AI, ML is gaining importance in sports for multiple purposes such as to improve public attendance, event monitoring at live events, performance analysis, player fitness and safety, predict outcomes, and team valuations. Sports broadcast programs are now using real-time analytics and animation to play out what-if scenarios to engage audiences.

According to Research and Markets, the global sports analytics industry is expected to reach ~US\$4b by 2023 as stakeholders across the sector harness data to improve performance and connect with fans.

With respect to fan engagement, digital platforms leveraging data as their primary inputs can help sports organizations better gauge fan sentiment, understand fan behavior through data analysis and connect with fans across various touchpoints to generate revenues. These include social media, through a team's website or app, through in-game promotions and merchandize offers, as well as targeted and personalized advertising. Allowing real-time interaction and engagement, by creating relevant, consistent and personalized content has the potential to establish a deeper connection with fans.

Multiple European Football Clubs are looking to leverage AI to analyze vast pools of data to fine-tune match strategies and develop personalized training plans for each player. It also allows to analyze fans in the stadium and understand their engagement levels through facial expressions or eyeball movements. This facilitates dynamically allocating time to the sponsors and throwing targeted ads to the audience when it is most engaged, instead of simply showing an ad during a goal or halftime.



Monetizing virtual sports events

Moving along live events is a need to create an alternative virtual world for live sports events. Sports organizations need to create a delineated sophisticated freemium model to cater both to large free audiences and better monetize fans. Being relatively new, the area will innovate through more immersive and interactive formats giving rise to novel partnerships between venues and live streaming platforms. It also allows cross-platform integration and monetization between events, sports organizations, and any other form of virtual entertainment, such as music concerts or shows.

Key questions to consider



How should sports companies channelize investment across advanced technologies and digital infrastructure to generate new monetization avenues?



How should sports companies successfully implement a holistic and data-driven monetization strategy harnessing both fan and player performance data?

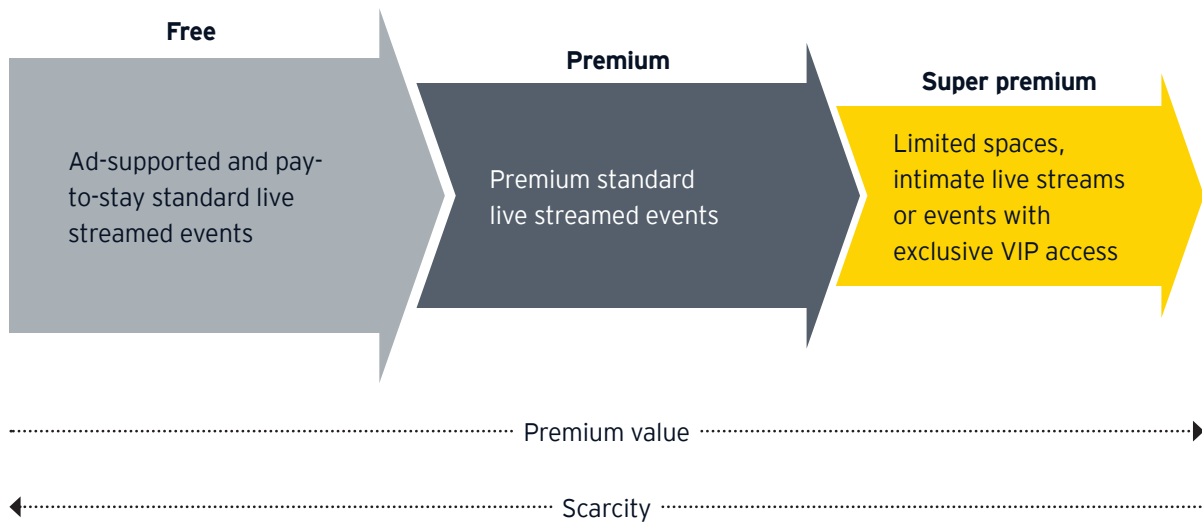


How should sports companies effectively conduct virtual sports events as an alternative future for live events?

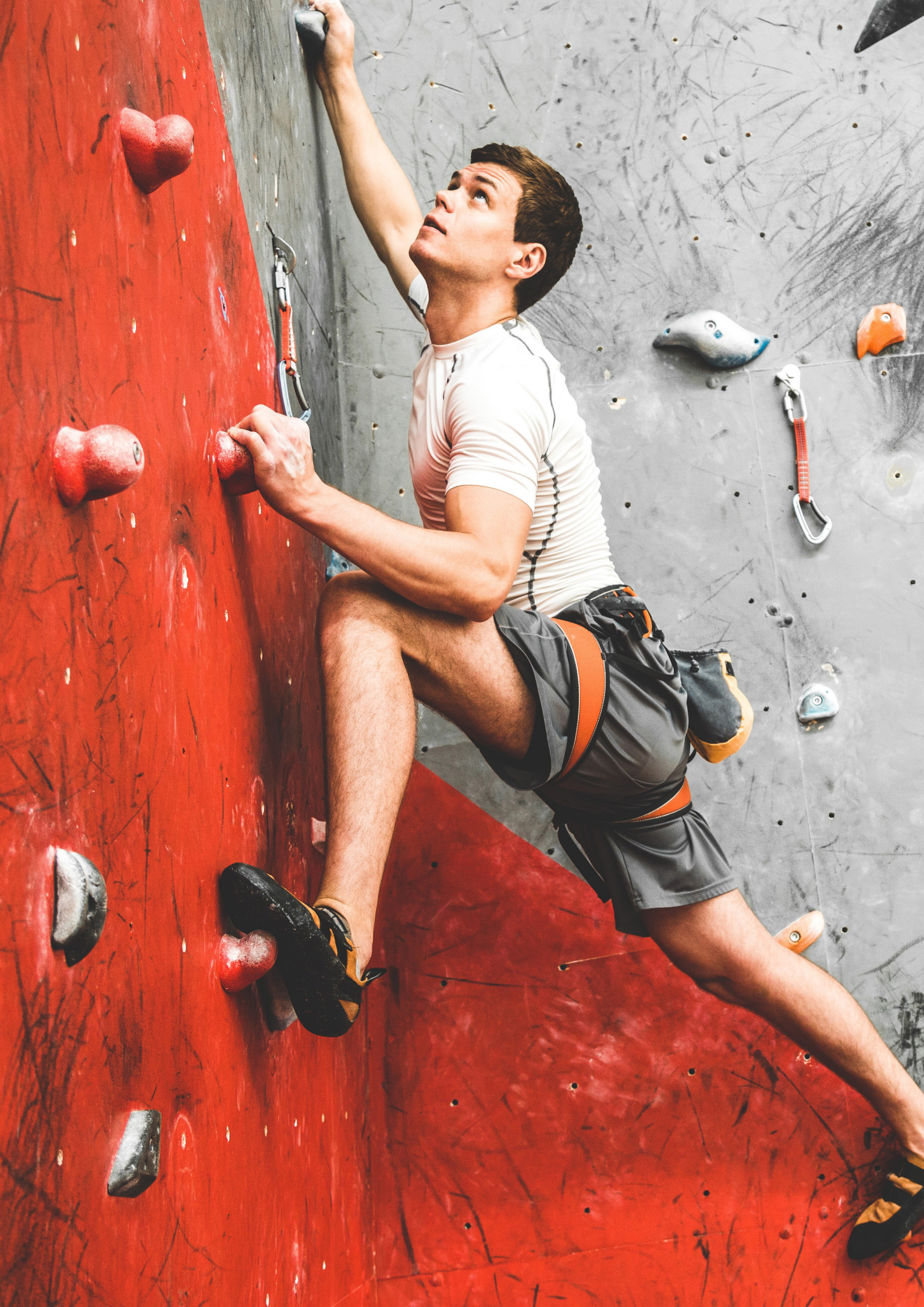


How should sports companies develop proprietary sources of data to better leverage what is available but untapped, to stimulate incremental commercial opportunities?

Figure 12: Virtual events monetization model¹³









¹³ MIDiA Research, 2020; EY analysis



Conclusion: building a sports economy

In conclusion, events represent a unique opportunity to support the development of a local sports industry. With an estimated market of over US\$3b by 2024, there is ample opportunity for both the global and local private sector to play an important role. The figure below summarizes some of the key opportunities EY sees for the Saudi private sector across the events' value chain.

Figure 15: Saudi private sector opportunities across the events' value chain

Focus areas	Activities		Specific opportunities for Saudi Arabia
Rights owner or organizer	<ul style="list-style-type: none"> ▶ Rights owner ▶ Event organizer 	 <p>Mid-high</p>	<ul style="list-style-type: none"> ▶ Acquisition of international rights and event organization ▶ Development of Saudi Arabia – specific events or concepts
Equipment and merchandise	<ul style="list-style-type: none"> ▶ Machinery ▶ Official merchandising ▶ Accessories 	 <p>Medium</p>	<ul style="list-style-type: none"> ▶ Some potential in sports equipment manufacturing ▶ Significant potential in local merchandising
Infrastructure and services	<ul style="list-style-type: none"> ▶ Stadiums or sports infrastructure ▶ eStadium services ▶ Sports services (medicine, coaching, training, etc.) 	 <p>High</p>	<ul style="list-style-type: none"> ▶ Massive potential in privatization or PPPs for stadiums and sports infrastructure ▶ Strong opportunity in developing new infrastructure beyond football or athletic stadiums ▶ Substantial potential for eStadium service providers
Sports marketing or events	<ul style="list-style-type: none"> ▶ Event organizers ▶ Ticket distributors ▶ Marketing agencies 	 <p>Mid-high</p>	<ul style="list-style-type: none"> ▶ Developing sports marketing agencies (e.g., sponsorship) ▶ Promoting the development of local sports event organizer industry
Content and media	<ul style="list-style-type: none"> ▶ Content producers ▶ Content distributors and broadcasters 	 <p>High</p>	<ul style="list-style-type: none"> ▶ Development of sports FTA channels ▶ Creation of a Saudi pay-TV industry built on sports ▶ Development of new OTT platform and distribution models
Value-added services	<ul style="list-style-type: none"> ▶ Sport news ▶ E-sports ▶ Special events 	 <p>Medium</p>	<ul style="list-style-type: none"> ▶ Promotion of e-sports and organization of events ▶ Implementation of emerging technologies for stats and live features



Some of the most prominent opportunities where the Saudi private sector can play a role include:

- ▶ **Sports event organizer:** While several events have until now been driven by Government-related entities (MoS, federations), there is certainly room for the private sector to play a role in developing or acquiring sports event concepts.
- ▶ **Sports infrastructure provider:** In Saudi Arabia, there is a large portfolio of sports venue assets. However, this infrastructure needs to be significantly modernized and expanded to support a broader set of sports.

The private sector can play an important role in acquiring and modernizing existing infrastructure through public-private partnerships (PPPs), as well as developing new infrastructure in key locations such as Diriyah Gate, NEOM or Qiddiya. In addition to the infrastructure itself, local technology companies can play a crucial role in enabling eStadium services.

- ▶ **Sports marketing agencies or event managers:** Organizing large sports events requires significant preparation, which typically involves a core event manager combined with specialty services providers such as ticketing or sports marketing or ad sales.

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