

Exclusive New Research: 80% of Esports Execs See this Challenging Period will Ultimately Benefit the Industry

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A new, exclusive survey conducted by the Esports Business Summit and the Esports Business Research Group finds a significant 80% of esports executives believe the industry will benefit from the impact following the COVID-19 outbreak. The executives expect the industry to benefit as other sports have been on hold and streaming audiences and engagement has spiked. They also see important benefits from increased traditional broadcast exposure during this period and non-endemic brand putting a spotlight on the esports industry. Overall, the industry sees this challenging period accelerating trends that were already underway.

Only 3% of the survey respondents see a negative longer-term impact for the industry, and 17% say it's too early to tell. It is important to note that 24% of executives, while agreeing the industry will benefit from this period, see the impact primarily boosting specific industry segments such as those that gain from an accelerated shift to streaming.

% of Esport Executives that Believe the COVID-19 Outbreak Will Ultimately Result in Growth for the Industry

56% – expect to see a net positive for the industry overall

24% – positive for specific industry segments

3% – negative impact

17% – too early to tell

The survey was conducted in April and received responses from a diverse group of over 250 companies involved with esports around the world. ***The State of the Esports Industry Study*** measures the pulse of leading esports executives on the top issues and priorities impacting the industry during this challenging time.

The global esports industry had been growing very quickly prior to the COVID-19 outbreak. For years, the industry was steadily gaining more attention from a range of sports, media, brand and academic sectors, and, most importantly, from a growing audience of gamers and fans. Due in part to the digital nature of esports, in response to

the COVID-19 outbreak, the industry has been able to rapidly pivot to online streaming and broadcast programs and activations. As one esports executive responded in the survey: “This is Esports big moment. It’s a unique opportunity when traditional sports are shut down to attract viewers, sponsors and gain exposure on TV.” Another executive commented, “Gaming in general has shined during this crisis, a watershed moment when we look back in 10 or 20 years.”

Here are other key insights from the new research.

Over Half of Esports Companies Have Changed Their Business Strategy as a Result of the Outbreak: Fifty-six percent of the survey respondents have pivoted their strategy as a result of the outbreak’s impact. The main shifts are related to adjusting for loss of live event revenue; pivoting to online and streaming platforms; responding to increased non-endemic brands’ interest in esports; working on platform and technology upgrades; increasing research and development; and fostering new content development creativity and new ideas.

Two-Thirds of the Industry See Significant Impact from Live Tournament and Event Cancellations/Postponements: The survey asked esports executives how significantly they rate the impact of live tournament and event cancellations and postponements on the industry. A total of 67% rate the impact as either very significant/a major challenge or significant. Twenty-five percent see a moderately significant impact, and 8% see limited to no impact. Thirty-eight percent of the respondents already have a live event reactivation plan in place. And an additional 40% are still considering their options and waiting for more information.

Managing Audience Growth and Engagement is Seen as the Top Trend and Issue for the Esports Industry Over the Next One to Two Years: Other key trends are expected to be the continued impact of the outbreak on live tournaments and events, audience measurement, educating non-endemic brands about esports, and the shift to brand activations on streaming platforms. Here are the top five trends and issues expected to impact the esports industry between 2020 and 2022, according to the new survey findings:

1. Total audience growth and engagement: 64% of esports executives
2. COVID-19 impact on live tournaments and events: 58%
3. Audience metrics and measurement: 54%
4. Educating non-endemic brands about the industry: 49%
5. Brand activation on streaming platforms: 47%

More Esports Companies Expect the Industry to Grow Total Revenue Overall Than Expect *Their Own Revenue to Increase* in 2020: More esports executives see

the entire industry growing revenue than see their own top-line revenue increasing this year. Forty-two percent expect their company's Esport revenue to grow in 2020 compared to last year, while 56% expect the industry overall to grow revenue. Some of this growth outlook disconnect is a result of live tournament and event cancellations as well as some brands decreasing marketing and sponsorship budgets as a result of uncertainty caused by the outbreak.

How Will this Challenging Period Impact the Future of Esports?

The survey asked the diverse group of esports executives how they think this challenging period will impact the future of the industry. Some of the most common themes in the responses include:

- Awareness of esports will rise in the public and with non-endemic brands
- Streaming audiences will increase
- Innovation and new ideas will become even more of a focus
- Technology standards and best practices will continue to be established
- Industry business models are likely to change, be clarified and/or solidified

While there is broad consensus that the industry growth outlook is bright, there are differences of opinion about in which direction the industry is heading, and which specific business models will prevail in the long term. An example is the significance of the impact of live event cancellations. A clear majority see this impact as negative, and mostly a near-term negative, but others see the future of the industry as primarily digital and online. Clearly, a more robust hybrid live in-person and digital model will be a part of the industry's future. It's likely that the "future of esports" will arrive sooner than had been expected.

The State of the Esports Industry Study analyzes how leading esports companies are approaching today's challenges, issues and opportunities. The full report includes insights and benchmarks on:

- Strategic shifts and pivots
- New market and business opportunities
- Company and industry-wide revenue growth outlook for 2020
- How operations and communications have been impacted
- Initial brand and sponsor reactions
- Challenges and opportunities arising from these shifts and changes
- Outlook on live event reactivation and the shape of the industry in the future