

THE STATE OF THE ESPORTS INDUSTRY STUDY

Insights & Analysis of the
B2B Esports Market During
the COVID-19 Crisis

esportsbiz
RESEARCH GROUP

SURVEY OF ESPORTS
INDUSTRY COMPANIES **2020**

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INTRODUCTION

The State of the Esports Industry Study: The pulse of leading esports executives on the top issues and priorities during this challenging time

Welcome to *The State of the Esports Industry Study* developed by the *Esports Business Summit* and the Esports Business Research Group. This unique study analyzes how leading esports companies are approaching today's challenges, issues and opportunities. There is an important focus on the impact of the COVID-19 crisis on live events and tournaments and the rapid pivot to online, streaming and broadcast programs.

The 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

The report provides a mix of quantitative survey data as well as many write-in comments to open-ended questions. The analysis is based on survey responses from over 250 esports companies representing a wide cross-section of the market in all segments of the industry around the world. The information in this report will help esports executives make more informed decisions and improve their strategies and tactics during this challenging time.

The *Esports Business Summit* thanks all of the respondents for their invaluable contribution to the study. We look forward to seeing you at the Summit in Las Vegas, October 19-21, 2020.



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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 traditional sports leagues and teams, venues and municipalities, the press, colleges and universities, non-endemic brands, agencies and investors, 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 said, **“Gaming in general has shined during this crisis, a watershed moment when we look back in 10 or 20 years.”**

The industry is still in the early stages of development and, as this study shows, there is broad consensus that the industry growth outlook is bright. Yet, there are differences of opinion of exactly in which direction the industry is heading and which specific business models will prevail in the long term. These differences are especially seen in many of the write-in comments from various esports executives throughout this report. 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 just likely that the “future of esports” will arrive sooner than had been expected.

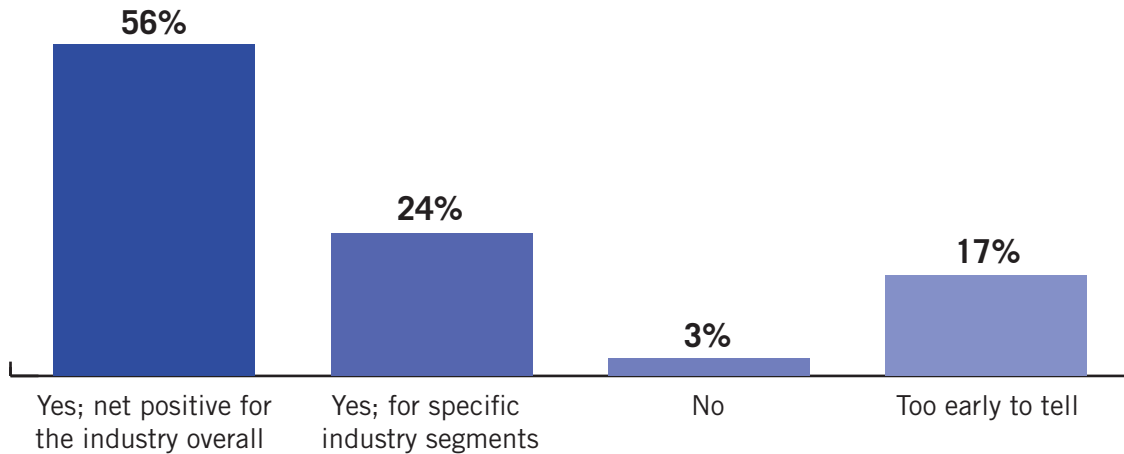
A key question for the rest of the year and possibly well into 2021 will be to what extent has the outbreak and shelter-in-place restrictions accelerated long-term trends that were well underway in the esports market (such as non-endemic brand interest in esports and audience streaming viewership growth)? Or will some things be fundamentally different after this period than they were before? Also related to these questions is what will live tournaments and event experiences look like in six to twelve months and beyond?

Below on the next pages are some of the key insights from the new research.



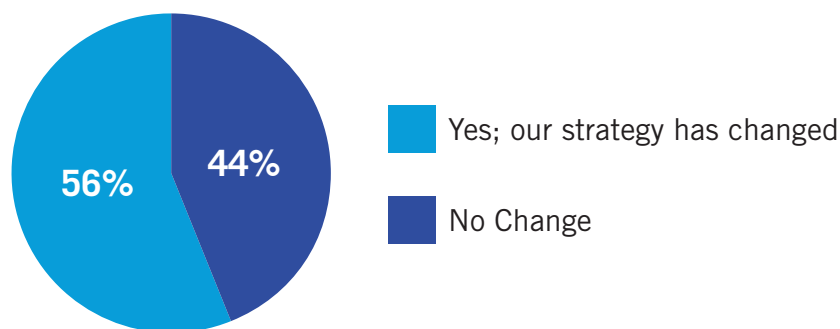
Eighty Percent of Esports Executives Believe This Challenging Period Will Result in Overall Positive Growth for the Industry

A significant 80% of esports executives believe the industry will end up benefiting and experience an increase in growth following the challenging COVID-19 period, especially in terms of increased audience size and engagement. Only 3% do not see a benefit and 17% feel it's simply too early to tell at this stage.



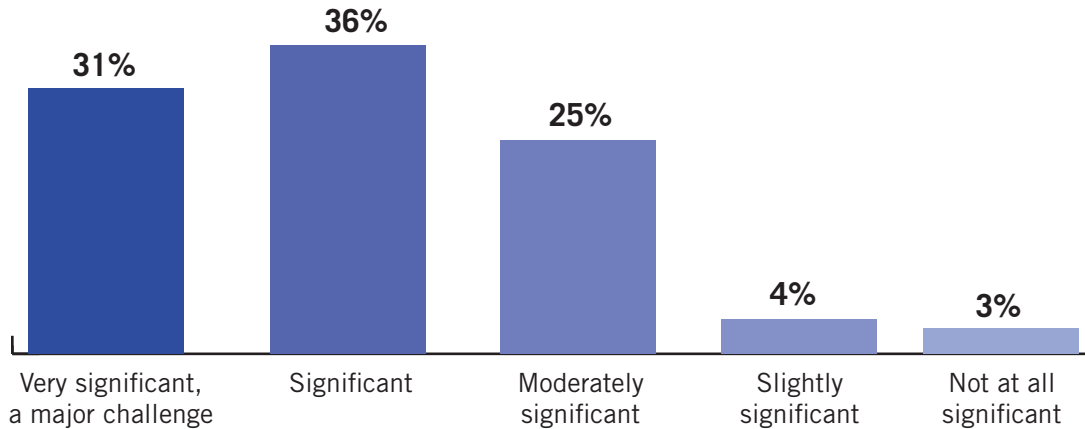
Over Half of Esports Companies Have Changed Their Business Strategy as a Result of the Outbreak

Fifty-six percent of the survey respondents have changed their strategy as a result of the impact of the outbreak. The main shifts are related to adjusting for loss of live event revenue; pivoting from live events to online and streaming to engage increasing online audiences; 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 to leverage influencers and add value.



Two-Thirds of the Industry See Significant Impact from Live Tournament and Event Cancellations and Postponements

The survey asked a wide range of esports executives how significantly they rate the impact of live tournament and event cancellations and postponements on the industry overall. A total of 67% indicate they see the impact as a combination of *very significant / a major challenge* or *significant*.



Thirty-eight percent of the respondents already have a live event reactivation plan in place, although 40% are still considering their options and waiting for more information and time to pass.

More Esports Companies Expect the Industry to Grow Total Revenue Overall Than They Expect *Their Own Revenue to Increase* in 2020

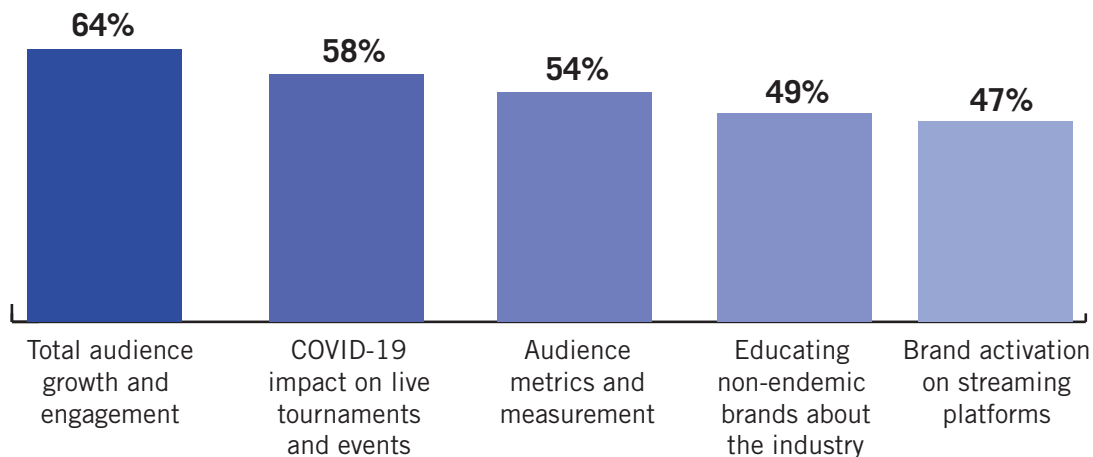
Overall, most of the survey respondents are positive, and many are very positive, about the outlook for the esports industry, especially in terms of audience growth and revenue from various sources. But more respondents see the entire industry growing revenue than see their own top-line revenue increasing this year. Clearly some of this disconnect is a result of live tournament and event cancellations and postponements as well as some brands holding back marketing and sponsorship budgets as a result of outbreak uncertainty. (As noted later in the report, a fairly large percentage of the respondents now feel their revenue will be flat in 2020.)

2020 Revenue Increase Expectation – Respondents' Own Company and Industry Outlook

Our Esports Company Revenue Will Increase	Total Esports Industry Revenue Will Increase
42% of respondents	56% of respondents

The Top Five Most Important Trends and Issues Impacting the Esports Industry

The survey asked: *What are the most important trends and issues impacting the esports industry over the next one to two years?* Besides the impact of the outbreak on live tournaments and events, the top trends and issues are tied to audience growth and engagement, audience measurement, non-endemic brand interest and education, and the shift to more streaming.



How Esports Executives See the Future of the Industry

That there are many different opinions speaks to both the unknowns post-crisis, but also the various paths that could be taken and the strength and diversity of this still emerging industry. Select comments on the future of the esports industry from the survey respondents are below.

- “(This challenging period will) assist in innovation of streaming, engagement and bringing new fans.”
- “Bump in the road. No effect after 24-months.”
- “Can be a great thing or a big miss if not taken advantage of correctly.”
- “Companies might learn that live events are less critical than they thought so far and move away from them even more in the future. The current situation could speed this development up and lead to an environment where live events are not a priority anymore.”
- “Esports is here to stay. Though advances may be incremental during this time, there’s still so much growth and opportunity to be seized that will make this industry even bigger.”

- “I believe esports will see an increase in future months but will need to work to retain consumers once people head back to work and have less time to spend on gaming.”
- “It will define streaming technologies.”
- “It will force all partners to be more creative and explore more business models.”
- “This period will help validate the esports industry in a way that wasn’t possible when live sports were dominating linear TV.”
- “We know the greatest predictor in being a fan of a sport is past participation. With more people participating in esports vs. traditional sports while staying home, it is growing the future audience.”
- “When we look back it may have been the moment people outside the industry really considered esports a form of sports entertainment, since ‘real’ sports have been on pause so long.”

The findings in this Executive Summary provide only a small portion of the insights from the study. The next sections are packed with insightful data, analysis and benchmarks.

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

This section analyzes the early reaction by the industry to pivot from the immediate challenge of live tournament and event cancellations and postponements to the key opportunity of enhancing streaming events and competitions and digital marketing activations. The focus of the analysis is on the initial impact of the outbreak, and how strategies have been changed, and the new opportunities leading esports companies see as a result. Also included is analysis of how sponsors and brands are responding, as seen primarily by esports companies and agencies.

The Most Important Trends and Issues Impacting the Esports Industry

Survey Question: What are the most important trends and issues impacting the esports industry over the next one to two years?

The key trends seen by the survey respondents are total audience growth and engagement; the COVID-19 impact on live tournaments and events; audience metrics and measurement; educating non-endemic brands about the industry; and, brand activations on streaming platforms. Between 32% and 45% of esports business professionals also see the following as important trends and issues over the next one to two years: media rights ownership rules, standards and practices; increasing non-endemic sponsorships and advertising; diversifying audiences; setting global industry standards and practices; establishing revenue sharing models; and, growth in colleges and universities.

	%
Total audience growth and engagement	64%
COVID-19 impact on live tournaments and events	58%
Audience metrics and measurement	54%
Educating non-endemic brands about the industry	49%
Brand activation on streaming platforms	47%
Media rights ownership rules, standards and practices	45%
Increasing non-endemic sponsorships and advertising	44%
Audience diversification	39%
Setting industry standards and practices around the world	39%
Revenue sharing models	34%
Growth in colleges and universities	32%
Investment increasing	28%
Growth in high schools	26%
Geographic league expansion	24%
Investment decreasing	8%
Other	3%

COVID-19 Outbreak Impact on Organization

Survey Question: How has your organization's esports business and related activities been affected by the COVID-19 outbreak?

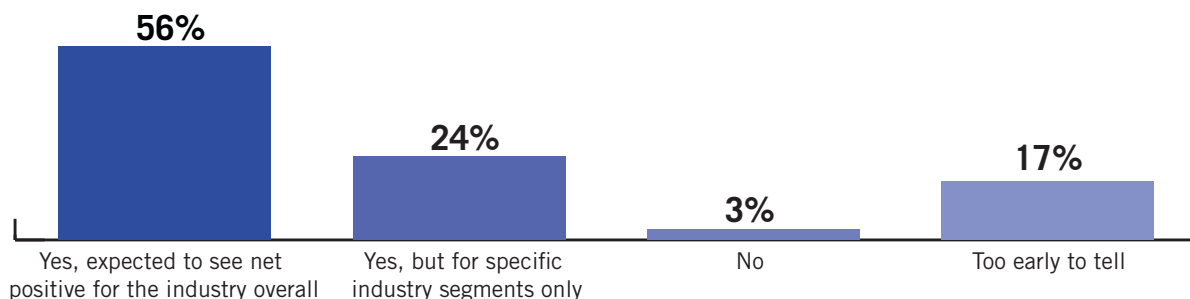
The survey was sent to a diverse group of esports companies and organizations, and this is reflected in the data in the table below which shows a range of different impacts of the outbreak and stay-in-place restrictions. Many of the "other" write-in comments focus on live event cancellations or postponements, revenue loss, focus on new content creation and strategies, analyzing new opportunities and business models, and the importance of streaming and online metrics analysis.

	%
Live tournaments have been cancelled	34%
Live tournaments have been postponed	30%
Brand activation strategy for live events suspended	30%
We've shifted more focus on streaming	29%
Sponsorship and exhibiting to reach customers and prospects suspended	28%
Collegiate live tournaments canceled or postponed	15%
Venue build-outs suspended	13%
Approximately 50% Q2 and Q3 revenue losses	11%
New product strategy suspended	11%
Approximately 25% Q2 and Q3 revenue losses	9%
Approximately 10% Q2 and Q3 revenue losses	3%
Other	15%
Not applicable / no impact to date	21%

Will Today's Challenges Become an Overall Positive for the Esports Industry?

Survey Question: Do you believe the esports industry will turn this challenging period into a net positive for the industry in terms of fan audience size and engagement?

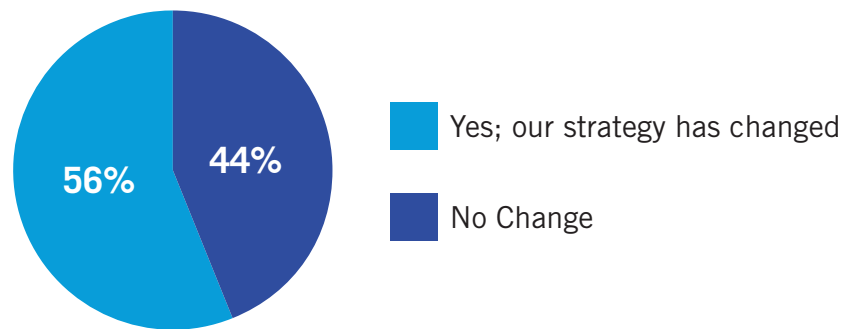
A significant 80% of esports executives believe the industry will end up benefiting and growing overall following this challenging period, especially in terms of increased audience size and engagement. Only 3% do not see this benefit and 17% feel it is simply too early to tell the lasting impact of this crisis period on the industry.



Changes to Esports Strategy

Survey Question: Has any aspect of your esports business strategy changed as a result of this impact?

Over half of esports industry executives say their strategy has changed as a result of the impact of the outbreak.



The main strategic shifts fall into these categories:

- Adjusting for loss of live event revenue and opportunities
- Shifting from live events to online and streaming
- Responding to online audience increases
- Some brand marketing budgets on hold
- Seeing increased non-endemic brands interest in esports
- Working on platform and technology upgrades
- Increasing research and development
- New content development creativity and ideas to leverage influencers

The respondents that indicated their strategy is changing were asked to expand on what they are doing. Here are a number of select comments.

- “As a result we have shifted strategies to online alternatives of streaming content and online tournaments.”
- “Due to these conditions, more brands will be looking to esports and gaming for exposure.”
- “Education of our market is a new strategy.”
- “Esports is more important than ever to have in our client’s sponsorship portfolio.”
- “Focus on upgrading platform over operating/managing events.”
- “Increased priority because they are the only sporting events still happening.”
- “Looking to more influencer one-offs to cover deliverables.”
- “More aggressively seeking audience behaviors.”

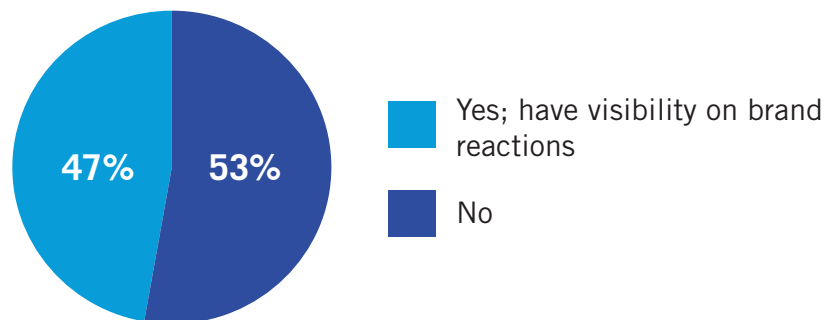
I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

- “More custom reporting for clients.”
- “No longer investing in live event activations. Shifting sponsorship/partnership activities to digital activations. Supporting/partnering with teams/competitors in different ways.”
- “Temporary shift from live events to regional online play with broadcast.”
- “We are focusing on esports heavier with it being a digital asset opportunity to keep our brand partners engaged and receiving value for their partnership.”
- “We have switched from college focus to cloud.”
- “We see esports as the main area of sports growth, while live sporting events are on hold. We are looking to see how team play evolves.”
- “We’re eliminating live events and focusing on digital activations and sharable content to drive brand exposure.”

Percentage of Esports Companies with Visibility on How Sponsors and Brands are Responding

Survey Question: Do you have visibility on how esports sponsors and brands are responding at this time?

Forty-seven percent of the respondents say they have visibility on how sponsors and brands have been responding during the crisis.



Those that have visibility on how esports sponsors and brands are reacting are mainly seeing the following:

- Brands are reviewing strategies and opportunities
- Pivoting to esports while other sports are on hold
- Moving to support streaming and online events and activations
- Researching/investigating/assessing the industry
- Looking for creative opportunities
- Some changing content and messaging
- Some holding back on marketing spend

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

While there's certainly more and new interest in esports, especially for non-endemic brands, the comments in this section, and others in this report, show there is a range of opinion and outlook. Select comments on how brands are reacting and changing, according to esports companies and agencies include:

- “Brands are leveraging live esports streams to increase brand awareness.”
- “Brands are looking for new opportunities.”
- “Brands are looking for unique ways to use digital/streaming/virtual experiences that stand out from the maelstrom of covid-induced content/noise.”
- “Brands are using the time to properly plan a strategy.”
- “Conservative approach due to expense cuts.”
- “Creating content to stay relevant.”
- “Depending on the sponsor’s business and how it’s been effected by the pandemic (remaining opened or closed, how sales have been affected, etc.), some sponsors have pulled marketing budgets.”
- “Engaging with a shorter term and lower CPM.”
- “Focus on engagement.”
- “Holding until Q4.”
- “I can see a few live sports has converted themselves from actual sporting event to online gaming live stream with their celebrities.”
- “Increased activity and curiosity.”
- “Increased marketing engagement, free DLC or start-up pacts. Social media increased for giveaways.”
- “It’s a bit of a scramble as brands are refocusing and figuring out how to maintain a tournament path to a grand finals.”
- “Many non-endemics are cutting marketing budgets, not willing to experiment with marketing money. Endemics are looking for ways to keep their activations/sponsorships profitable for the money/time spent.”
- “Media and branded integrations and custom content.”
- “More open to how esports can enable ongoing engagement with audiences.”

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

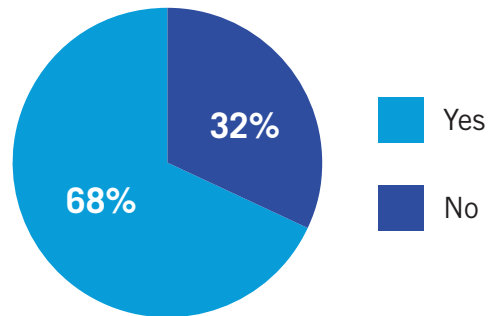
- “Most brands have been patient and understanding. Also for a lot of sponsors their other leagues are paused so they are reliant on esports to pick up the slack.”
- “Non-endemic brands are doubling down on existing gaming sponsorships and partnerships. Since all sports and entertainment budgets have been canceled, they look to gaming as a way to solve immediate needs.”
- “Shifts from live to online; increase of clients related to any part of the industry, from telecom and internet companies to food and beverages brands.”
- “Some are using esports as a leveraging platform to activate their sport sponsorships that have been abruptly halted, but far too many as a panic short term play rather than strategically.”
- “Some partners are looking for make goods. Some are looking for reimbursement, some are looking for shifts in assets.”
- “Some who have a diversified product versus just a team are broadening their reach.”
- “Sponsors and brands have had been able to get more education on the industry.”
- “Sponsors and brands are pivoting and reconsidering how and where their investments are going, and are looking for improved measurement capabilities in terms of ROI.”
- “Sponsors have rescinded but brands have been looking into how they can go all online/streaming.”
- “While we aren’t seeing specific strategies yet, esports is now coming in to more and more conversations.”
- “Will engage in short term at a higher number but will wait to see how the new normal will affect their brand.”
- “Zero activity until pandemic is over.”



Additional New Market and Business Opportunities

Survey Question: Do you see any other new market and business opportunities as a result of these current challenges?

Sixty-eight percent of the esports executives see important new opportunities as a result of the outbreak's impact on audiences and brands, as well as the impact on endemic brands and companies that have been in the market for many years.



Most of these new opportunities are in the following areas:

- Larger and more diverse audiences
- Expansion into different brand advertising market segments
- Revenue diversification strategies
- Betting/gambling expansion
- Traditional sports leagues and teams embracing esports
- Possible emergence of smaller, more local events

The esports executives were asked to expand on what they see as the most promising new market and business opportunities. Their select comments are below.

- “24/7 gaming networks.”
- “A bigger audience online looking to absorb esports content.”
- “A lot of capital freed up from traditional sports could be looking for a new home.”
- “Addition of online products and services.”
- “As viewership and audiences increase, brands will become more open minded about association with specific content like (major video game titles).”
- “Betting.”
- “Brand sponsored livestreams will be mainstream after this. Massive brands have been forced to instead ‘dip their toes’, they have dove right in and have had success and quick learnings. The fear is gone.”

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

- “Brands that did not believe in esports so far might take another look now because normal sports are not ongoing.”
- “Building on the virtual sponsorship experience.”
- “Digital activation as a service becomes more of a need.”
- “General interest in understanding gaming and esports landscape by brands.”
- “Increased awareness of esports by pro teams to increase overall awareness and legitimacy.”
- “Large global and national events might see a downturn in attendance in the short-term (between now and 2021) due to mandated event guidelines and the easing of restrictions. There might be an upside for more regional and drive market events in the interim until we see a more normal return to pre-COVID activities.”
- “Leveraging professional athletes in gaming live streams.”
- “Live streaming across geographies in major esports.”
- “Localized smaller events.”
- “More integration into mainstream traditional retail, hospitality (hotels), and other non-traditional sectors.”
- “More jurisdictions may be more open to online gaming in an effort to make up for lost tax revenue due to COVID-19.”
- “More managed services and revenue diversification opportunities.”
- “Not necessarily new marketing opportunities, rather new ways of engagement and connection with our online community and fans.”
- “(Traditional) sports doing more virtual games or leagues as a result of its popularity while no live sports are on (virtual racing for example) and then betting/gambling opportunities from esports.”
- “The ability to look into other sports and bring to virtual platform (such as rugby or cricket).”
- “There is a massive need for content and storytelling.”
- “There are always opportunities, it’s just managing various parts of the customer journey equation.”
- “There is growing interest among non-traditional gamers for games, such as tabletop sims for families to play together.”
- “There will be ways to have new remote tournaments. There will also probably be a lot of new games created during this time. The increase in viewership will bring higher numbers, validating marketing companies to invest in advertising on gaming platforms/tournaments.”

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

- “There’s always opportunity, but the major concern is how much high production value will be discarded after productions realize that doing it out of someone’s living room is much cheaper.”
- “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.”
- “Traditional, non-esports media is now looking at esports as the new wave. Lots of opportunity to capitalize.”
- “We are considering bringing gamification to the healthcare industry, more than just incentivizing good health practices.”
- “We can do a better job of bringing the esports experience to smaller groups. Bringing the games to the user with in-market activations.”

Additional Comments on How Esports Companies are Pivoting Their Business

Survey Question: What else has your company done, or plan to do, to pivot your business in these new and changing market conditions.

This question received a diverse range of responses. Common themes from the write-in comments cover the following:

- Move to digital, online and streaming
- Focus on social media connections and engagement
- Creative discussions between publishers, agencies, brands and other key groups
- Educating non-endemic brands on the value of esports and opportunities
- Targeting new audiences and sports fans that are home and missing other sports
- Developing new content ideas and programs
- Accessing more industry data, information and insights
- Considering the future of live events, tournaments and experiential activations
- Controlling costs

Select comments:

- “Accelerate engagement product development.”
- “As a venue, re-package what we can offer applicable to community behavior change.”
- “Beef up our strategy and insights division. Support clients with forecasting and insights to uncover market opportunities in previously overlooked or underexplored segments like esports.”
- “Begun looking to influencers as brand ambassadors for our tournaments.”
- “Broadened focus and less vertical markets.”

I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

- “Changed to all digital.”
- “Community engagement strategies enacted with traditional sports teams to curate esports competitions for streaming content and social engagement.”
- “Continue to connect socially and promote esports to new stakeholders who are now isolated and/or at home seeking competition, sport and community.”
- “Covering upcoming games. What could have tournament play value. History of games.”
- “Create a team focused on delivering a new approach to esports and the way the industry is changing to remote and streaming services. Making our cost outputs more streamlined so our bottom line is more attractive to our clients.”
- “Creating streaming platforms and more online content.”
- “Educating marketers on reaching consumers while they’re at home; focusing on marketers who cater to an at-home consumer; focusing on marketers who are e-commerce enabled.”
- “Emphasize the captured market that’s at home and more willing to participate in online activations.”
- “Expand game options for members. Integrate sponsors better.”
- “Exploring online brand activities together with publishers.”
- “Focus more on communicating sponsorship opportunities to brands who previously spent sponsorship dollars offline/ in retail.”
- “Focus more on streaming and virtual events.”
- “Focus on betting behaviors.”
- “Focus on how venue experience design will change as result of COVID-19 restrictions and consumer behaviors.”
- “Focused our sponsor obligations from premium, long form content to social shorts and livestreams.”
- “Help our clients pivot toward digital-first sports sponsorships, especially esports.”
- “Increased capacity in customer service and network infrastructure.”
- “It’s such a quickly evolving landscape in terms of customer behavior so we are focused on staying on top of new and changing behaviors.”
- “Leaning into monetization opportunities on YouTube.”

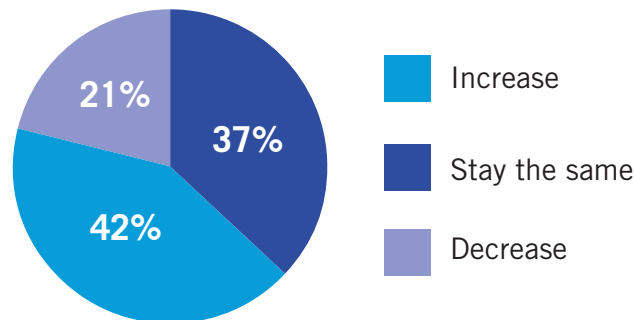
I. Strategic Shifts, New Opportunities & Revenue Growth Expectations

- “Look at some local esport organizations to fill the esporting venues then provide those results for regional and national esports organizations.”
- “Looking for fixed installation opportunities while the events are cancelled.”
- “Looking further into digital, VR, AR experiences instead of just physical events.”
- “Making games that are super exciting and focusing on our player experience amongst all things.”
- “More TV and digital-based esports offerings that reach our client’s target audiences.”
- “Much more accessibility of online content to our customers such as tournaments, community nights, charity streams, online give away events, etc.”
- “Overall rethinking experience design.”
- “Partnering with key stakeholders to fast track their commercial rights program and valuation/measurement services.”
- “Planning and execution cycles for brand activation have become shorter to be able to better respond to rapid social, health and economic changes.”
- “Supporting school esports as one of the very few activities that can continue during lockdown. Networking for sponsorship and support, lobbying high school and college athletic conferences to endorse esports.”
- “Responding to growth in sponsor interest and advising rights owners how to more effectively package and commercialize rights and create lasting partnerships.”
- “Virtual engagements and performances are becoming incredibly popular. We’re working to learn best practices for these new parameters.”
- “We added new smaller tournaments which had to all be online since campuses are closed.”
- “We are able to focus more on live-streaming esports and gaming content. We can leverage our pro gamers and soccer athletes during this time.”
- “We are developing more relationships with teams and competitors, and we are partnering with a broader array of endemic and non-endemic partners on content.”
- “We are working quickly on a digital platform for all of our properties that we represent that we can build a viable business and elements for our brands.”
- “Work closely with team influencers to brand awareness and participation.”

Esports Companies' Business Revenue 2020 Outlook

Survey Question: Do you expect your organization's esports business revenue in 2020 to increase, decrease or stay the same compared to 2019?

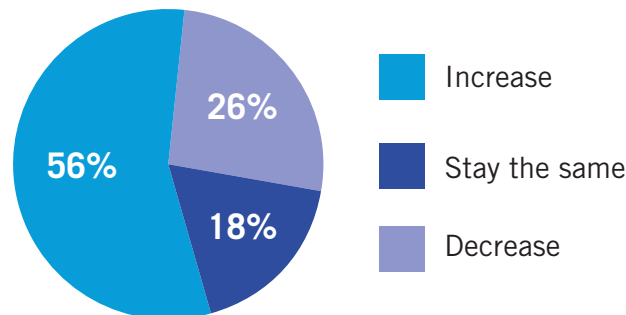
A total of 79% of the responding esports companies expect their total 2020 revenue to increase or stay the same compared to 2019. Clearly, that's a significantly positive outlook during a time of major crisis for most all areas of the global economy.



Overall Esports Industry Revenue 2020 Outlook

Survey Question: Do you expect the total revenue growth of the overall esports industry in 2020 to increase, decrease or stay the same compared to 2019?

A similar question was posed to the executives as the question directly above, but concerning the esports industry overall. A smaller percentage of the industry expects to see the industry grow or hold revenue at the same level as 2019 this year than those that expect their company's esports revenue to increase or stay the same (74% vs. 79%). But as noted in the Key Insight box below, more esports companies expect the industry to grow total revenue overall than they expect their own revenue to increase this year.



Key Insight: More Esports Companies Expect the Industry to Grow Total Revenue Overall Than They 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 esports revenue to grow in 2020 compared to last year, while 56% expect the industry overall to grow revenue. Clearly some of this disconnect is a result of live tournament and event cancellations and postponements as well as some brands holding back marketing and sponsorship budgets as a result of outbreak uncertainty.

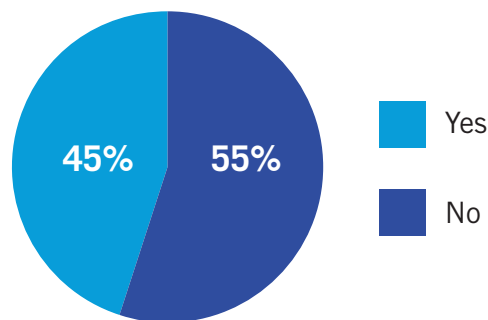
II. Operational & Communications Changes

This challenging period has not only required companies to change their strategies but also their operations and communications. How companies are responding is covered in this section along with analysis of the impact of live event and tournament cancellations and postponements. Also included is an early view on what live event reactivations may look like.

Operational Changes

Survey Question: Has any part of your esports operations been changed as a result of this impact?

Forty-five percent of the respondents say their esports related business operations have changed as a result of the outbreak.



The companies that have made operational changes explain what they have done below. Key themes in their comments include:

- Technology upgrades and enhancements
- Events and live experiences cancelled/postponed
- Shifted staff from live events to online/streaming
- Staff working from home
- Team members training/practicing individually

Here are comments on key operational changes:

- “All our focus has moved to cloud collaboration services and not onsite hardware.”
- “Entire staff is working from home, shift media focus toward live streaming on Twitch and posting mainly gaming highlights vs. gaming adjacent entertainment.”
- “Had to layoff half of staff.”
- “Less field/in-market brand ambassadors.”
- “Live events have moved to online so we have shifted to distributed broadcast workflow.”
- “Major pivots and shifts.”
- “Redirected to game release events. Playthroughs.”

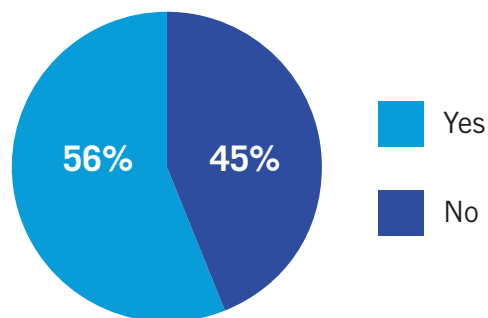
II. Operational & Communications Changes

- “Suspension of live experiential activations.”
- “Team no longer able to practice together (physically), recruiting done virtually.”
- “Ticketing suspended, had to rethink community involvement, events, etc.”
- “We are evaluating platforms that can help us increase revenue and begin competitions.”

Marketing and Communications Changes

Survey Question: Has any part of your esports marketing and communications plan been changed as a result of this impact?

More esports companies (56%) have changed their marketing and communications plans than their operations (45%).



Select comments on these marketing and communications changes are provided below.

- “A much greater emphasis on media.”
- “Bigger focus on video marketing.”
- “Change of focus towards more social, dollars impacted.”
- “Delayed and more direct to consumer branding.”
- “Emphasis moving to next school year.”
- “Focus more on community, solidarity and contribution.”
- “Focus on mobile consumers and social events.”
- “Focus on more charitable work during these times.”

II. Operational & Communications Changes

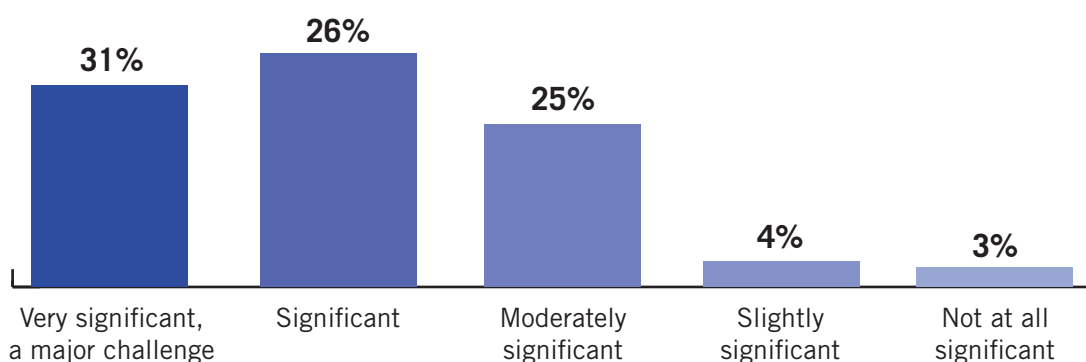
- “Focusing on post-covid innovation and safety.”
- “Gaming with everyone.”
- “Less about selling.”
- “Less tournament/esports focus. General gaming narratives for brands taking a bigger role as it is an easier narrative to control.”
- “Major redesign and deployment methods.”
- “More email and live streaming communications.”
- “Moving to digital and sharable content.”
- “Our marketing is very much more targeted. Less info for the masses.”
- “Require us to look to how else we can promote esports sponsors.”
- “Shift toward streaming.”
- “Spending much on data.”
- “Sponsored ads based on tournaments matches (pre-game, picks and bans, MVP etc.).”
- “We are focusing on redemption portals with fulfillment as a way to get tangibles into the hands of participants and encourage engagement.”
- “We are focusing on video and online gaming ad inventory as engagement is high on these channels and environments.”
- “We have cancelled all marketing spend until gatherings may resume.”

II. Operational & Communications Changes

Significance of Live Tournament and Event Cancellations and Postponements

Survey Question: In your opinion, how significant is the impact of live tournament and event cancellations and postponements to the industry overall?

The industry nearly breaks-out into three groups on the question of how significant is the impact of canceled and postponed live tournaments and events on the industry. The groupings as seen in the data are as follows: nearly one-third see a very significant challenge, the next grouping consider the impact to be significant, and much of the rest of the industry only see a moderate to slightly significant impact.



Respondent comments on the impact of cancellations and postponements of live tournaments and events shows a range of opinions.

- “Any time you eliminate the ability to group together you lose the comradery and sharing of ideas. You also lose the aspirational content that could’ve been created at an event that not everyone can be a part of.”
- “As much as we enjoy the presentation of live events, we are still capable of quality events streamed worldwide and bringing players across the globe to our events.”
- “Esports and tournaments are community focused. Fans enjoy ‘live’ experiences and in-person environments.”
- “I think live tournaments to draw a certain level of crowds. But this period will now shine a light on those individuals who compete, as well as lead to creative solutions for tournaments held remotely. Could face hacking/cheating challenges working remote.”
- “I think the development of the arena space, local hosts (at retail stores and other locations) will get push back until vaccine is developed.”
- “I think there will be a trade-off of revenue via ticket sales for higher online viewership numbers for net-new viewers (example: traditional sports fans filling a void).”
- “If stakeholders are strategic, they can shift viewership/sponsorship from traditional sport to esport.”

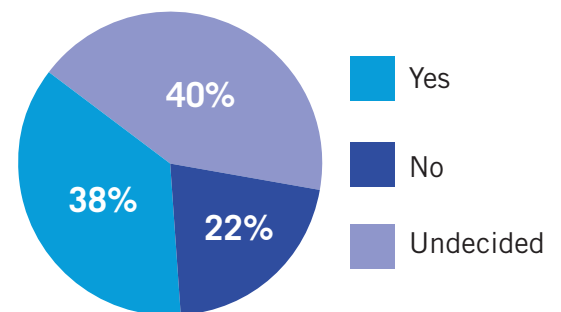
II. Operational & Communications Changes

- “It’s always valuable to leverage the online with real world revenue opportunities but they will come back with hopefully a much larger audience.”
- “It’s the core function of our industry!”
- “Live events are the best part of esports and the in-person production value will be sorely missed.”
- “Live tournaments and events should be able to take on a virtual bent, if the sponsors can be confident of actual promotion and engagement of the audience.”
- “Once we learn how to shift our focus, this will be a long term plus.”
- “Only moderate, we’re the industry poised to easily adapt to at-home competitions verse any other industry. We’re fine.”
- “Significant impact but less so than traditional sports. There is a benefit to being one of the only live competitions.”
- “Streaming is still safe from covid but live events help legitimize the industry and increase revenues per fan.”
- “The event cancellations across the board are cutting the event industry off at the knees. It is going to cause challenges as things start to rebound and everything starts to come back at once. Some support companies are not going to survive this and the independent consultant workforce are getting different jobs.”
- “Ticket revenue, sponsorships and activations are suffering because of cancellations.”

Percentage of Esports Companies with Tournament and Event reactivation Plans

Survey Question: Do you have a plan in place for live tournament and event reactivation?

Thirty-eight percent of the respondents already have a live event reactivation plan in place. Forty percent are still considering their options and waiting for more information and time to pass.



Key Insight: The Majority of Esports Companies Do Not Yet Have a Re-Activation Plan for Live Tournaments and Events

A total of 62% of the respondents do not have a reactivation plan for when live, in-person events are held again. Of these, 22% simply do not have a plan yet (and may not need one as live events are not primary to their business), and 40% are undecided and waiting for more visibility on what will be required.

II. Operational & Communications Changes

Comments on Live Tournament and Industry Event Reactivation Challenges

Survey Question: Where do you see the greatest challenges in reactivation of tournaments and industry events once the immediate crisis is past?

Key themes seen in the respondent commentary:

- Focus on health and safety
- Audience willingness to attend live events
- Live event and venue related vendor company availability/capacity
- Sponsorship make-goods and re-negotiations
- Re-scheduling and short timeframe challenges

Select comments:

- “Ability to show concern and ability to protect players with social distancing and still make a community.”
- “Assuring competitors and attendees of safe participation and attendance environments. Convincing organizations, teams and fans to spend on travel to attend a tournament or event after months of successful online-only activations.”
- “Assuring in-stadium attendees that it is safe to be in close proximity with others.”
- “Attendee confidence and venue availability.”
- “Attendees could have potentially lost wages and not have disposable income to spend on entertainment, hurting attendance.”
- “Availability of event support companies.”
- “Brands jumping on board as a quick marketing solution to live sport during lockdown without a proper understanding of the market or the community will be disappointed by their results and/or reluctant to stay involved when sport returns.”
- “Bringing the channel, customer and synergistic balance back in-line.”
- “Building customer confidence in public events.”
- “Communicating and implementing a COVID-19 precautionary plan.”
- “Confidence in the health of attendees and possible additional virus spread.”
- “Consumer behaviors and expectations. Bifurcation of consumer behaviors. Those that want to adhere to social distancing/feelings of fear from contamination and those that are not affected by it at all.”

II. Operational & Communications Changes

- “Convincing everyone that it is safe to attend these events and/or compete.”
- “Figuring out and settling make-goods with sponsors.”
- “Finding new budgets with already active non-endemic brands.”
- “If schools are delayed from opening in fall, that could hurt program participation.”
- “Hybrid sporting events would be the norm. Healthcare would become a statute feature in all live event gatherings. AR and VR would be mainstream in nine months and help make more personalized human experiences for audiences.”
- “The greatest challenge will be ensuring folks that the organization is doing its due diligence to ensure everyone's health and safety (e.g. seating, proximity and sanitation will be of concern) .”
- “It largely depends on how the Covid crisis is resolved. Is there a vaccine, a cure? Naturally you have logistical challenges associated with any event but I think customer behavior will largely be determined by how the crisis is resolved. Or maybe it's not resolved just mitigated which introduces another dimension of customer behavior to consider.”
- “Mainly in sanitation, following social distancing protocols, having appropriate protective gear, how food and fans can be present. Might affect sponsorships, (i.e., major clearing products brands as) tournament sponsors?”
- “Many events will need a refresh from the ground up as things won't immediately go back to normal so resources could be limited.”
- “My perspective is as a venue. The greatest challenge to me is the coordination of schedules and venue availability as we ramp back up events. Sponsors, show producers, and venue availability for tournaments have to line up. Venue availability will have to increase past the norm as well to accommodate social distancing unless the event is streamed to an on-line audience base.”
- “Reactivating tournaments should be bigger than ever before when the industry comes back online for live tournaments. When things go back live it should be a new craving, expanding the view of many new people about gaming and streaming events live.”
- “Reaching out to the gamers who can have the most impact.”
- “Rebuilding the trust of live events and experiences.”
- “Re-engagement of local community and fans.”
- “Shortened timeframes to accomplish everything, but people will be eager to make it happen.”
- “The biggest challenge will be persuading those that like to attend or participate that it is alright to travel again because the biggest fear for a lot of people is travelling.”

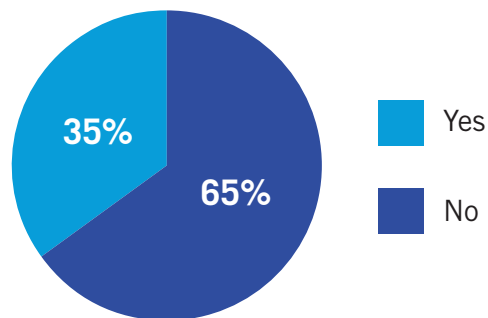
II. Operational & Communications Changes

- “The greatest challenge will be on two major fronts. One will be the task of reintroduction of customer retention. Secondly is recovery from residual reservations of coming to live tournaments and competitions or venues.”
- “Too many events at the same time.”
- “The toughest challenge has been the unpredictability as we try to time campaign/product launches around tournaments and events.”
- “Will there be an audience willing to come out for a live event now that people overall have moved to streaming, online events and tournaments.”

Percentage of Esports Companies with Visibility on Audience Streaming Metrics

Survey Question: Do you have visibility on how fans and audiences on esports streaming platforms have been responding during this challenging time?

Thirty-five percent of the respondents indicate they have visibility on how fans and audiences on esports streaming platforms initially responded in March and April 2020.



II. Operational & Communications Changes

Streaming Audience Sizes and Engagement Levels

Survey Question: If you have visibility on how fans and audiences on esports streaming platforms have been changing, please provide an estimate on how these audience sizes and engagement levels have been changing.

The study has not attempted to gather a detailed analysis of how streaming audience has surged during this period, although the survey did ask this question on audience sizes and engagement. Not surprisingly, the esports executives with visibility on streaming metrics report large increases in both total streaming audience size and audience engagement.

	Total Streaming Audience Size	Audience Engagement Metrics, Average Minute Audience
25%+ increase	45%	49%
Increased 21% to 24%	16%	15%
Increased 16% to 20%	16%	15%
Increased 11% to 15%	10%	10%
Increased 6% to 10%	9%	5%
Increased 1% to 5%	3%	2%
No change	0%	2%
Decreased	0%	2%

Key Insight: Over Half of Esports Companies Say Both Streaming Audience Size and Audience Engagement Metrics Have Spiked by Well Over 20%

A total of 61% of survey respondents that have visibility on recent esports streaming audience levels say they have seen an increase in audience size of over 20% – and 64% indicate audience engagement metrics have also increased by more than 20%.

III. Esport Executives' Comments on Challenges & Opportunities

This section provides select write-in comments from the diverse group of survey respondents. Many of these comments and related themes are reflected in other parts of the report, but it is valuable to see these summaries in this challenges and opportunities format. Not surprisingly, many of the top challenges are also the key opportunities.

Greatest Challenges Impacting the Esports Business

Survey Question: What are the greatest challenges impacting your esports business?

Key themes from the write-in comments:

- In-person events cancelled and postponed
- Post-outbreak impact of social distancing on live events and tournaments
- Live event and tournament rescheduling conflicts and challenges
- Educating and engaging non-endemic brands
- Market expansion in high schools and colleges/universities
- Audience metrics and measurement

Select comments:

- “95% reduction in demand.”
- “Ability to gather and rate events.”
- “Adoption in the high school ecosystem.”
- “Affect on live events and mass gatherings.”
- “Allocating more budget to primary research to understanding why consumers want esports and understanding the emotional connection consumers have to esports.”
- “Esports depends on high production value and live audience engagement for major events, until people want to gather in groups and sit next to each other again, we will be sidelined.”
- “Attendance on-site.”
- “Audience and sponsorship.”
- “Brand awareness.”
- “Building recognition and a following.”

III. Esport Executives' Comments on Challenges & Opportunities

- “Cash is going to tighten dramatically. Many management teams are young and haven't seen a downturn. Most participants anticipate raising capital.”
- “Collegiate engagement. Corporate entity involvement.”
- “Convincing non-endemics during a time of crisis that now is the right time to dive into esports in activating certain audiences.”
- “Developing a strategic plan to grow and expand esports in a higher education setting.”
- “Digital infrastructure, cultural penetration.”
- “Diversify audience in terms of age/gender and gaming mindset.”
- “Ensuring we are partnered with the most robust platform and offering for our partners to see a return on their investment.”
- “Gaining detailed intelligence on customer behavior and testing new concepts in a cost efficient manner.”
- “Impact on revenue due to closure.”
- “Lack of centralized governing bodies.”
- “Lack of education and knowledge. Over saturation/misperception of opportunities.”
- “Mandates and personal preference regarding social distancing.”
- “Marketing budgets being frozen.”
- “Influencer talent to sign to organizations is getting harder and harder.”
- “Minor league for esports to develop emerging talent.”
- “Reaching new audiences, over saturation of brands and gaming organizations trying to do the next big thing during COVID.”
- “Remote productions.”
- “Setting standards.”
- “The current coronavirus restrictions have brought some previous conversations/plans to a screeching halt, but this gives way to finding new opportunities and potential venues for future tournaments/arenas.”
- “Venue design and construction projects halted.”

III. Esport Executives' Comments on Challenges & Opportunities

- “Visibility into ROI. Establishing meaningful KPIs for sponsors/partners.”
- “We are grassroots advocacy and building a network in the Midwest. Our biggest obstacle is high school administration not taking us seriously.”

Most Promising Esports Business Opportunities

Survey Question: What are the most promising opportunities for your esports business?

Key themes from the responses include:

- Increased audience
- Improve audience metrics capture and measurement
- Audience engagement and monetization
- Enhanced streaming technology and platforms
- Better leverage of esports stars and influencers
- Educating non-endemic brands

Select comments:

- “A new audience and a new metric to engage them.”
- “Ability to understand in-the-moment consumer attitudes and perceptions of esports while they are playing/watching.”
- “Adversity forces innovation.”
- “Being able to respond to the fears of the public.”
- “Biggest esports stars will try to get more involved during these times to bring people together to make the industry prosperous again.”
- “Client that have not entered the business yet. They need to be educated to the sport in the right way and see the opportunities.”
- “Clients are exploring new opportunities, channels and platforms to engage their customers while sheltering at home. Esports is prime for that.”
- “College.”
- “Cross platform gamer engagement.”
- “Designing and building the best esports venues on the planet.”

III. Esport Executives' Comments on Challenges & Opportunities

- “Digital customer journey.”
- “Engaging with fans digitally.”
- “Expanding our community engagement and monetization of streaming and virtual events.”
- “Geographic based tournaments.”
- “Global online events.”
- “Growing awareness among non-endemic brands and sponsorship.”
- “Growth of the audience and education for the brands on how this audiences perform being loyal to brands that are there.”
- “Growth to an expanded audience. I still believe esports are in their infancy.”
- “Increased interest and viewership, along with some streaming technology to facilitate better broadcast quality.”
- “Increased opportunity/accessibility for non-pros to compete at an amateur level, potentially getting increased engagement and interest in competing from a broader level of gamers.”
- “Increased willingness for influencers to associate with winning brands. Reduced ad rates online.”
- “League and team recognition.”
- “More retail and hospitality clients wanting to integrate esports venues into their properties.”
- “New ‘players’ (companies, traditional sports) going into esports.”
- “New audience, new sponsored enabled event product and a new era.”
- “New membership and sponsorship opportunities. Also, ability to partner with publishers.”
- “Non-endemic brands, companies and overall schools understanding the power of esports.”
- “More cross-over between sports and entertainment with esports.”
- “Pent-up demand for live events.”
- “Potentially fewer competitors after the dust clears.”
- “Revenue diversification and sharing opportunities on digital distribution platforms.”
- “Sponsorship and exclusivity around streaming rights.”

III. Esport Executives' Comments on Challenges & Opportunities

- “Spotlight and attention on esports and gaming. Desire for brands to understand and learn more about the industry and opportunities.”
- “Streaming/broadcast/tournaments that have the correct technology.”
- “Switch to streaming as a primary driver of revenue.”
- “Systems integration.”
- “The upside of the sponsorship community seeing the power of live stream broadcasts while there is a downsize in live event curation. When we return to some level of normalcy, live events are fully active, can the two mediums bring even greater yield from the esports segment.”
- “Un-tapping the virtual opportunities that (for now) are a replacement and (in the future) a hybrid model.”
- “Virtual experiences and influencer campaigns.”
- “We are getting recognition by state athletic sanctioning bodies. This is bringing the student teams into full varsity standing.”

As noted in the report, 80% of esports executives expect the industry to benefit overall from the impact of the outbreak as other sports have been on hold and as streaming and traditional broadcasting interest has increased. This impact has accelerated trends that were already underway.

How Will this Challenging Period Impact the Future of the Esports Industry?

Besides significant agreement that the increase in streaming and online events will continue, and that the outlook for audience size and revenue growth is strong, there's a wide range of opinion on the particulars of how the industry will continue to grow and evolve. The best way to illustrate these opinions is to let industry participants explain their outlook. The survey asked, *How do you think this challenging period will impact the future of the esports industry?* Some of the most common themes in the responses are:

- Awareness of esports will rise in the public and with 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

Here are comments from the esports executives on the future of the industry:

- "Accelerate growth into mainstream."
- "Assist in innovation of streaming, engagement and bringing new fans."
- "Bump in the road. No effect after 24-months."
- "Business models for leagues will be tested. Wisdom of location-based franchise model in a predominantly online league will come into question."
- "Can be a great thing or a big miss if not taken advantage of correctly."
- "Companies might learn that live events are less critical than they thought so far and move away from them even more in the future. The current situation could speed this development up and lead to an environment where live events are not a priority anymore."
- "Esports is here to stay. Though advances may be incremental during this time, there's still so much growth and opportunity to be seized that will make this industry even bigger."
- "For the better. It has already tapped into and replaced traditional sports events. Capture of more traditional sports fans, being seen as a 'sport' as well."

- “For the most very positive. Only concern is that those seeking to capitalize and make a quick buck of new sponsors, risk scaring many of them away from potential long term/lasting partnerships.”
- “Hard in the short-term. But gaming in general has shined during this crisis. A watershed moment when we look back in 10 or 20 years. Hopefully, more people are introduced to esports as an alternate to traditional sports. Live events may never grow to the expected level.”
- “I believe esports will see an increase in future months but will need to work to retain consumers once people head back to work and have less time to spend on gaming.”
- “I think that it will have an immediate impact with respect to adjusting, but I wholeheartedly believe that we are going to see a significant spike in esports awareness and growth. The momentum is there.”
- “Increasing awareness and participation.”
- “Innovation will prevail.”
- “It may delay the social gathering aspect which was turning it into a legitimate fan sport.”
- “It will be a hiccup long term. Esports began online and can survive without live tournaments for a short period.”
- “It will bring on innovation, new ideas, new models of selling products/sponsorships.”
- “It will define streaming technologies.”
- “It will force all partners to be more creative and explore more business models.”
- “It will potentially get a broader range of viewers to engage in esports (as it has gotten more people into and back into playing games while at home).”
- “It will thin out the industry while clarifying the best practices and segments.”
- “Less revenue per fan but more fans short term. Once live events restart and public trust is regained, there could be a big boom in live attendees.”
- “Like many other industries, the Covid-19 will impact the esports for a short time period. Once the dust settles many things will get back to normal.”
- “Live events are a big part of many esports story lines, similar to that of traditional sports. It’ll be interesting to see what happens to the state of esports, traditional esports, and in person entertainment after this.”
- “Long term growth will remain. This may lead to new thinking around business models and league play. The lack of competition in live events may be an opportunity to engage new partners and advertisers.”
- “Make it a much stronger business model.”

- “More interest from players and consumers; tentative interest from advertisers due to brand presence at live events.”
- “More options for audience engagement.”
- “Now that many new eyes (media, sports entertainment, investment and finance, advertising) have eyes on the space, it’s a question if they’ll stay once basketball, football, music and events are back.”
- “Overall I believe it will spawn 100 new companies in esports/streaming but not all will survive as it will become over saturated with broadcast sites. After the dust settles and things go back to normal the gap will become larger of the big fish and small fish.”
- “Traditional sports will also take on esport ability through AI.”
- “The future industry giants will be the ones who emerge from this crisis best positioned to leverage the next crisis.”
- “The impact may be smaller than expected. Viewers are home and have more time to watch esports. ”
- “This challenging period will help validate the esports industry in a way that wasn’t possible when live sports were dominating linear TV.”
- “Ultimately, we’ll see people that were on the fence about it lean more toward legitimacy for our sport. More and more sports and music personalities are playing and seeing how good pros and professional streamers are. Also brands seeing the eyeballs generated are real.”
- “We know the greatest predictor in being a fan of a sport is past participation. With more people participating in esports vs. traditional sports while staying home, it is growing the future audience.”
- “When we look back it may have been the moment people outside the industry really considered esports a form of sports entertainment, since ‘real’ sports have been on pause so long.”
- “Will set back brand spending as they reemerge with traditional sports. Smaller organizations will not survive with little to no revenue.”
- “Will strengthen those with solid foundations and weed out weaker companies with poor models.”
- “With live events stopped, nobody will have their moment of glory. That will result in disinterest and disengagement until live events can return. Live events are the lifeblood of esports, and everything will be half-baked until that returns.”

METHODOLOGY & ABOUT THE RESPONDENTS

In April 2020, the Esports Business Summit and the Esports Business Research Group conducted a survey of a wide cross-section of leading esports executives throughout the industry around the world.

Organization Revenue

	%
Under \$50 million	72%
\$51 million to \$100 million	9%
\$101 million to \$500 million	10%
\$501 million to \$1 billion	3%
Over \$1 billion	6%

Company Type

	%
Agency	23%
Media company/broadcaster	12%
Consulting firm	11%
Venue	5%
Academia	5%
Esports tournament management	3%
VC or investor	3%
Esports team	2%
Esports league	2%
Professional sports team	2%
Game developer/publisher	2%
Gaming hardware company	2%
Non-endemic brand	2%
Streaming company	1%
Other	24%

About the Esports Business Summit



The Esports Business Summit brings together all sectors of the esports ecosystem for three days of networking, education and inspiration. Attend EBS and you'll meet and learn from key executives from brand marketing, television, sports and technology who are growing their businesses by leveraging the passionate global audience that esports delivers. The Esports Business Summit is powered by the leading media brands covering marketing, sports, television and entertainment – Cynopsis, Chief Marketer and Event Marketer. Our access to the top companies in esports gives you access to insights from the leading voices who are profiting from smart esports strategies.

Who Should Attend EBS: Executive management at consumer and business brands, marketing agencies, television companies, esports teams and leagues, sponsorship firms, game publishers, streaming companies, consulting firms, VC and investment firms, venue managers, sports marketing agencies, professional sports teams, and anyone else looking to understand the power of esports and explore ways to get in the game.

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