



Esports BAR

Stephen Bradley
September 2020

Esports revenue

The esports market stands at the heart of an ecosystem that comprises not only the stakeholders of the esports market itself, but also consumers and fans, as well as companies that contribute to the ecosystem's development through their products, services and strategic partnerships.

| | 2020 | | |
|-----------------------|--------------|-----------------|--------------|
| | Market Share | Revenue | Growth (YoY) |
| Sponsorships | 60% | \$584.1M | +7.5% |
| Media Rights | 17% | \$163.3M | +3.3% |
| Publisher Fees | 11% | \$108.9M | -11.6% |
| Merchandise & Tickets | 8% | \$76.2M | -27.9% |
| Digital | 2% | \$21.5M | +60.9% |
| Streaming | 2% | \$19.9M | +44.9% |
| Total Market | 100% | \$973.9M | +1.7% |

- Sponsorship deals between esports teams, leagues or event organizers on the one side and strategic partners (investors/sponsors) on the other
- Advertisement, either placed on-site at live events or during broadcasts of esports competitions
- Revenue from media rights for broadcast esports content (both free-to-air and pay-tv)
- Ticket sales at live events and merchandising revenue
- Publisher fees paid by the publishers both to independent esports organizers for hosting events and to esports teams for marketing rights

Source: <https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2020-light-version/>

Source: <https://www2.deloitte.com/us/en/insights/industry/telecommunications/european-esports-industry-growth.html>

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Nearly half of US consumers did some kind of video gaming activity since the COVID-19 pandemic began.

48%
US consumers participated in some kind of video gaming activity since the COVID-19 pandemic began



Gen Z

75%



Millennials

69%



Gen X

56%



Boomers

23%



Matures

1%

% of US consumers that participated in some gaming activity



| | Total | Gen Z | Millennials | Gen X |
|----------------------------------------------------------|-------|-------|-------------|-------|
| Played video games at home with my family a lot more | 34 | 44 | 36 | 34 |
| Played video games to socially connect with others | 27 | 36 | 32 | 21 |
| Watched celebrities and athletes play virtualized sports | 16 | 15 | 23 | 14 |
| Broadcasted my own gameplay for the first time | 8 | 11 | 9 | 9 |

Source: Digital Media Trends, 14th edition (pre-COVID-19 survey)

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30% of US consumers are watching some form of gaming content since the COVID-19 pandemic began. How-to or game walkthrough videos are the most popular choice.

30%
US consumers who watched some kind of video gaming activity since the COVID-19 pandemic began



Gen Z

49%



Millennials

55%



Gen X

34%

% of US consumers who watched some form of gaming content



Gen Z



Millennials



Gen X

| | Total | Gen Z | Millennials | Gen X |
|--------------------------------------------------------------------|-----------|-------|-------------|-------|
| How-to or game walkthrough videos | 47 | 48 | 49 | 42 |
| Professional gamers livestreaming their gameplay | 38 | 47 | 39 | 32 |
| Friends and family livestreaming their gameplay | 38 | 38 | 34 | 44 |
| Professional athletes and celebrities livestreaming their gameplay | 37 | 31 | 46 | 32 |
| Esports teams or league competitions | 25 | 23 | 20 | 31 |

Source: Digital Media Trends, 14th edition (pre-COVID-19 survey)

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Even before the pandemic, consumers weren't just playing games, but many were broadcasting their own gameplay as well

25%

Consumers **watch livestreams of gameplay** of other players on a monthly basis

51%
Gen Z

45%
Millennials

21%

Consumers **livestream their own play or gaming sessions** on a monthly basis

39%
Gen Z

37%
Millennials



Knowing Your Audience

Insights into the audience and their preferences for content



Livestreaming

30% US consumers who watched some kind of video gaming activity since the COVID-19 pandemic began

25% US consumers who watched esports teams or league competitions

31% Gen X individuals who watched esports teams or league competitions



Game Activity

48% US consumers participated in some kind of video gaming activity since the COVID-19 pandemic began

56% Gen X individuals who participated in some kind of video gaming activity since the COVID-19 pandemic began

23% Boomers who participated in some kind of video gaming activity since the COVID-19 pandemic began



Advertisements

47% Consumers who currently use a **free, ad-supported streaming service**

43% Consumers who prefer **no monthly subscription fee**, with 12 minutes of ads per hour

7 minutes of ads per hour consumers say are “just right” versus 14 minutes where they would quit watching

Sources: Digital Media Trends, 14th edition (pre-COVID-19 survey)
Digital Media Trends, 14th edition (COVID-19 survey)

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Investments

Through Q1 of 2020, month over month growth for investment activity declined for esports infrastructure. However, in May, the industry saw an **uptick of investments by 14.9%** from May 2019. The landscape of these investments have changed over time.

| 2020 (2019) | Infrastructure | Insight(s) |
|-------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3% (21%) | Streaming Services | <ul style="list-style-type: none">In 2019, live streaming is projected to grow at 19% over the next five years. Although some large investments were made to streaming platforms, more than half were focused on tools/capabilities that support streamers. |
| 8% (16%) | Tournament Organizers | <ul style="list-style-type: none">In 2019, these investments extended to mobile platforms that facilitate amateur tournaments, replicating pro leagues through third-party games. |
| 31% (10%) | Advertising | <ul style="list-style-type: none">In 2019, investments ranged from advertising agencies that support nonendemic brands seeking to gain exposure within the space to companies exploring new ways to get viewers more engaged teams.In 2020, investments in data collection and insights would increase opportunities for organizations to target new brands. Partnering with influencers and team members can create unique ways to share/support brands. |
| 15% (8%) | Business Services | <ul style="list-style-type: none">In 2020, investments in business services, such as talent acquisition, talent development, finance and technology, can help support scaling depending on the purpose of your organization. |
| 14% (5%) | Betting | <ul style="list-style-type: none">In 2020, with the US Supreme Court federal ruling in 2018, states have started legalizing sports betting. This ruling will create opportunities in esports. |

Source: Building the Arena: Increased Appeal of Esports Infrastructure Investments (May 2020)

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Investor Landscape

The who's who of esports investment has started to shift as more players come to the table. Entrenched organizations are starting to leverage their buying power to make strategic investments.

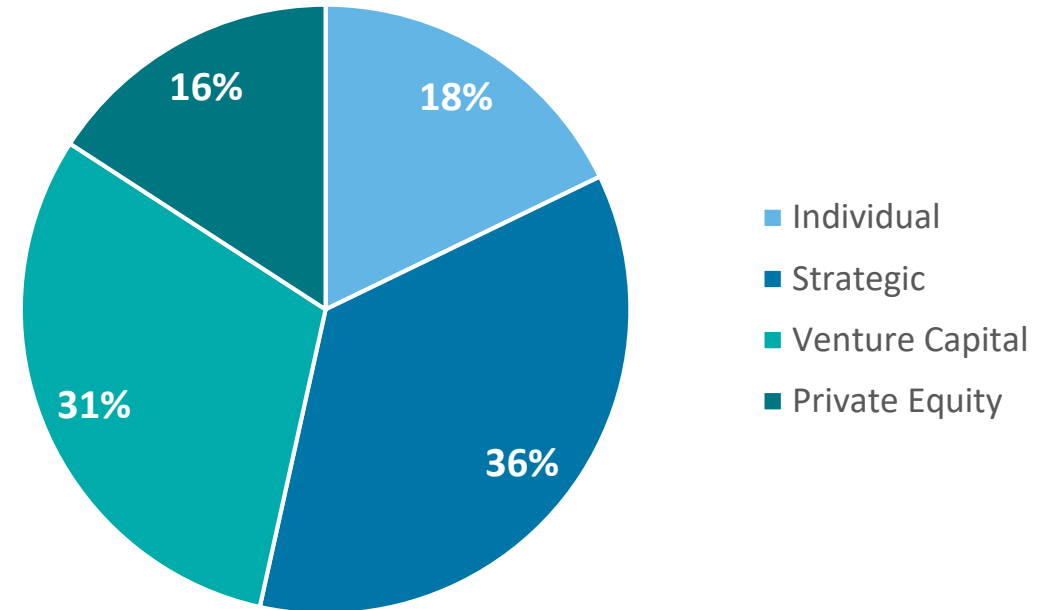
Through the early months of 2020, **venture capital** and **private equity** led deals were slow to start due to COVID-19:

- Limited opportunities to connect directly with clients
- Access to capital limited due to uncertainty in the markets

Strategic investors were active through the first two quarters of 2020:

- Long-term strategic considerations outweighed near-term uncertainty
- Utilize significant cash deposits sitting on balance sheets.

Infrastructure Deals by Investor Type (May 2020)



Thanks for tuning in to “Esports growth through a diversity of revenue sources!”

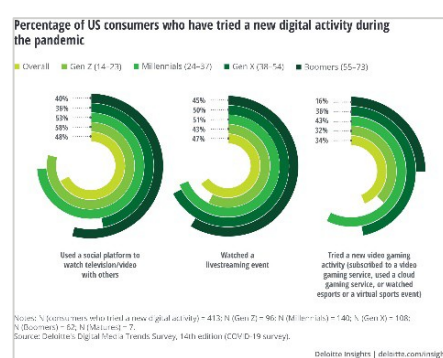
If you liked the session, explore the latest trends and insights related to esports and gaming



Let's Play 2020: The European esports market

The European esports market experienced further growth in 2019 with most companies increasing their revenues. The market is being keenly watched to see if growth will continue in 2020 despite—or perhaps even because of—COVID-19.

[Read the report](#)



Will gaming keep growing when the lockdowns end?

Locked down at home, more people are playing video games than ever. Can companies convert casual gamers into long-term customers?

[Read the article](#)



Cloud gaming and the future of social interactive media

Game companies are moving video games from smartphones, consoles, and PCs to the cloud, and telecoms are adjusting to the new technological demands.

Which players will see enough value in cloud gaming to make the switch?

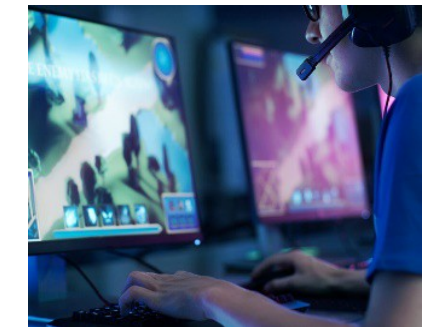
[Read the report](#)



Let's Play 2020: The European esports market

There are three key strategic issues that sports organizations should consider, to recover from the crisis while making a bold play for a thriving future.

[Explore the trends](#)



Esports on the Rise: Evaluating Brand ROI

Brands and publishers seeking esports sponsorship opportunities have often struggled to get a clear picture of ROI. As viewership soars during the COVID-19 pandemic, however, new solutions are emerging to provide better insights and drive strategy.

[Read the article](#)

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