

Free Report Preview

The Global Growth of Esports

Trends, Revenues, and Audience Towards 2017

V1.0



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games market research

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FULL 68-PAGE REPORT
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Scope & Definitions

key starting points for this report

This report aims to give a sound and realistic overview of the current status and future of esports. Multiple data sources were used in the shaping of a global esports audience and revenue model, one that will be continually updated in the future. When it comes to audience we have taken viewers of (online) amateur leagues and championships into account but limited the viewer numbers to the frequent viewers and active participants (defined as the "Esports Enthusiasts"). For revenues we have focused only on the professionally organized esports events, teams and leagues.

Audience Scope
Includes (online) amateur leagues and championships.

Revenue Scope
Excludes (all) revenues generated by (online) amateur leagues and championships.

Audience Definitions
Awareness & involvement data

- **Esports** - competitive gaming in an organized format. It needs to be an event or league specially organized by a third party with a certain goal (i.e. winning a tournament or prize money) in mind, with a clear distinction between players and teams who are competing against each other for a chance to reach this goal.
- **Esports Awareness** - Gamers who are aware of esports. This includes both the group of gamers who have heard of it, but never watch it (anymore) and the current viewers/participants.
- **Occasional Viewers** - Gamers who occasionally watch esports.
- **Enthusiasts** - Gamers who frequently watch esports and/or participate in (amateur) esports leagues.

Key Take-Aways

EXPLOSIVE GROWTH IN AUDIENCE AND REVENUES

Esports has been popular in Asia, Korea in particular, for over ten years. Thanks to the uptake of esports in the West growth is now accelerating: both in terms of audience (CAGR+20%) and revenues (CAGR+29%). Three main factors could further accelerate growth:

- Involvement of more franchise/genres
- Mass media uptake
- National leagues

esports enthusiasts in 2017
145M

Esports Audience Growth (Million) For 2012, 2014 and 2017

Year	Audience (Million)
2012	58
2014	117
2017	145

2012-2017 CAGR: +20%

Esports Revenue Growth (\$Million) For 2012, 2014 and 2017

Year	Revenue (\$Million)
2012	\$130
2014	\$194
2017	\$465

2012-2017 CAGR: +29%

■ GAME PUBLISHER INVESTMENT, SPONSORSHIPS, ONLINE ADVERTISING, MERCHANDISE, LICENSING, TICKETS

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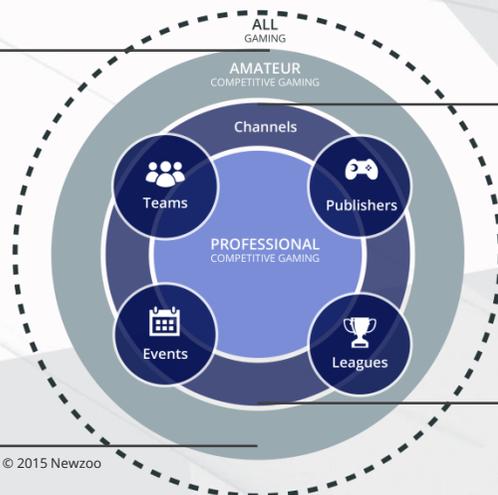
About Newzoo's Global Esports Report

Free Preview Report: Introduction and Scope

The 68-page report *Global Growth of Esports* aims to give a sound and realistic overview of the current status and future of esports. Multiple data sources were used in the shaping of a global esports audience and revenue model, one that will be continually updated in the future. When it comes to audience we have taken viewers of (online) amateur leagues and championships into account but limited the viewer numbers to the frequent viewers and active participants (defined as the "Esports Enthusiasts"). For revenues we have focused only on the professionally organized esports events, teams and leagues.

This document contains several high-level graphs from the full 68-page report.

Audience Scope
Includes (online) amateur leagues and championships.



Revenue Scope
Excludes (ad) revenues generated by (online) amateur leagues and championships.

At Newzoo, we continuously aim to be ahead of the curve. Our clients expect that we have data on trends as, or preferably before, they occur. Mid-2013, at the time of the next-gen console releases, we published a trend report called 'PC Gaming: Power to the People' to counterbalance all the press attention that went to the next-gen console race. Video content and esports played a pivotal role in that publication. At the same time, we integrated esports and video consumption topics in our syndicated consumer research effort across 25 countries, ultimately reflected in our esports country reports and data.

Since then, Twitch has been acquired by Amazon, gaming is second only to music on YouTube and esports has been featured in every mainstream newspaper in the world. Moreover, PC gaming is now getting the respect it deserves.

Over the past nine months we have combined our own research results, various esports related data sources and input from our partners and clients into our *Global Esports Audience and Revenue Model*. This dynamic model will allow us to see the impact of events in 2015 on the future potential of this space that truly is at the nexus of all games market and industry trends.

"Of all the reports Newzoo has published in its 8-year run, I'd have to say I'm most proud of our 68-page esports report. It combines our ability to spot, size, model and analyze trends, producing industry first results for the maximum benefit of our clients."



Peter Warman
CEO Newzoo

FULL REPORT CONTENT

- **Introduction**
- **Key Trends in Games & Esports**
- **The Esports Audience**
 - Global & regional audience per type
 - Esports audience growth 2012-2017
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- **The Esports Economy**
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 - Gaming & Esports versus all & individual sports on audience and revenues
 - Value per viewer: sports vs Esports
 - Future potential of Esports
 - Esports betting
- **Appendix**
 - Data tables with revenue & audience data 2012-2017: Global & Regional



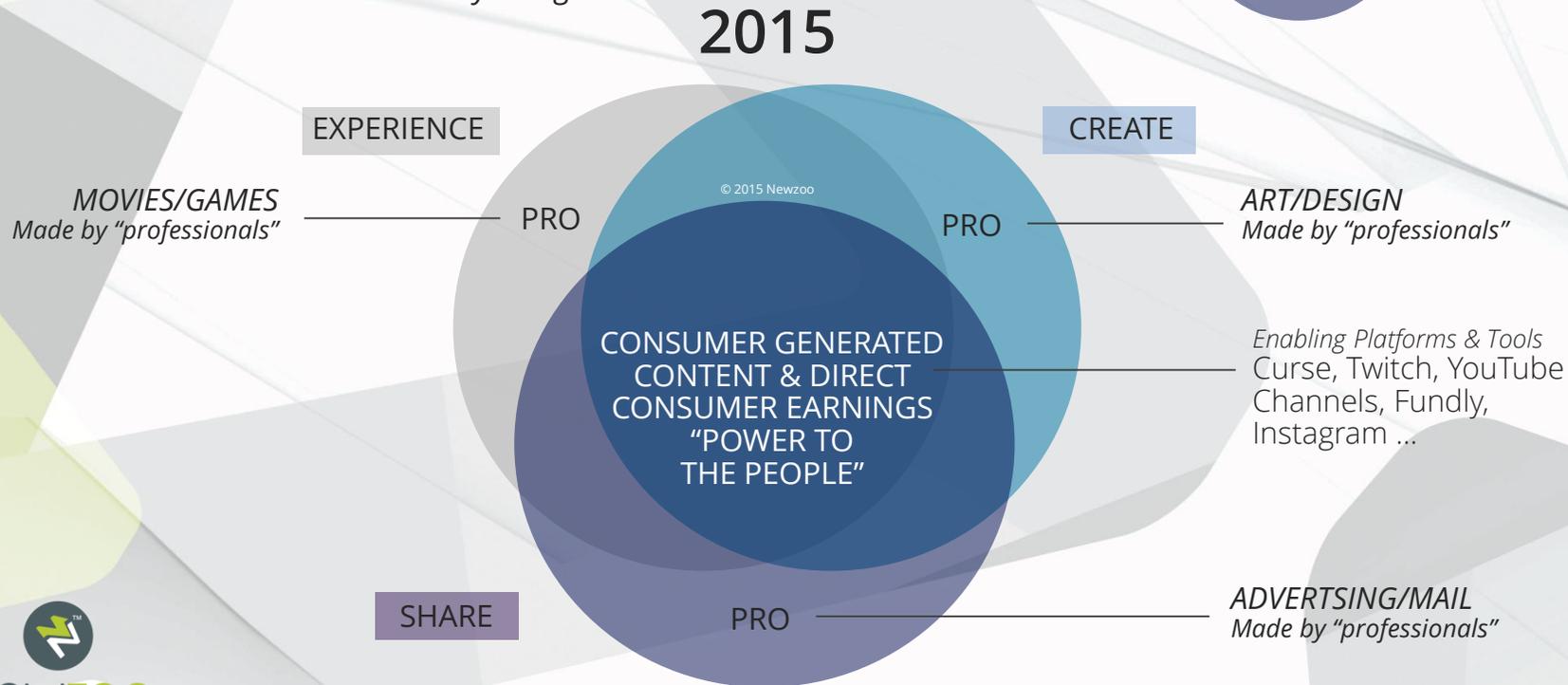
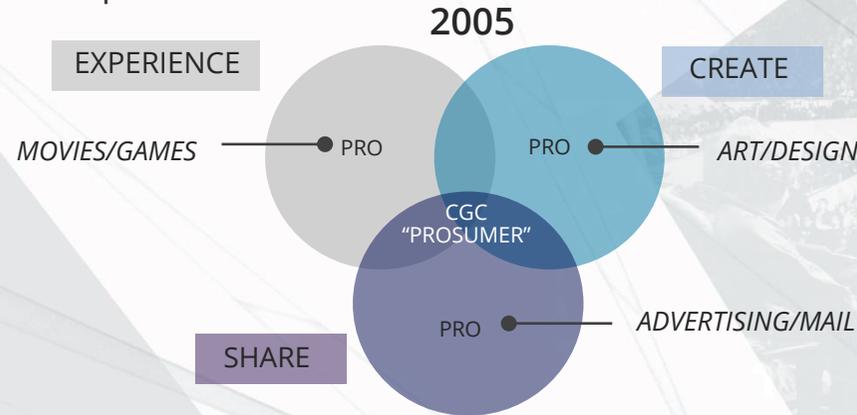
Report: *Global Growth of Esports Trends, Audience and Revenues Towards 2017*

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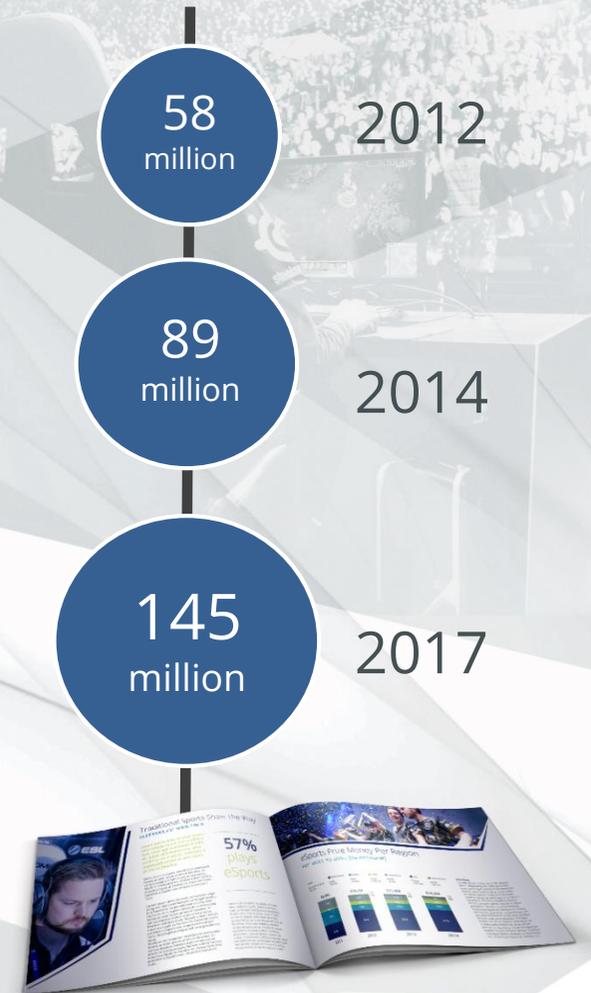
eSports at the Nexus of Consumer Trends

Consumers want to Create, Share & Compete

In the past ten years, how consumers "consume" content has drastically changed. People not only enjoy watching each other instead of professionally created content but they have the increasing desire to create, share and ultimately be part of the experience. The explosive growth of esports and the success of sharing game video content illustrates this more than anything else. In 2005, only 1% of consumers were considered creators or "prosumers". Ten years later, everyone creates and shares experiences and can earn serious money doing so.



GLOBAL NUMBER OF ESPORTS ENTHUSIASTS



Report: Global Growth of Esports Trends, Audience and Revenues Towards 2017

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The Esports Audience

Participants, Occasional and Frequent viewers

There are 205 million people globally that watch esports. These viewers can be divided into 4 distinct categories with occasional viewers as the largest group – 117 million people. There are 56 million frequent viewers and 20 million that also play esports sometimes. There are a total of 13 million active esports participants across the globe. In the coming years, a rise in the awareness of esports will fuel growth in the number

of viewers across these categories. To add to the potential audience size of esports is the fact that a large share of the current viewers do not actively play the franchises (anymore). It seems that esports video streams are entertaining many lapsed game enthusiasts that have grown older but still have passion for games.

FACT FROM FULL REPORT

Of all esports viewers

40%

do not play any of the top esports franchises. Another sign that gaming is becoming a spectator “sport”.

Global Esports Audience in 2014



Source: Newzoo's Global Esports Audience and Revenue Model

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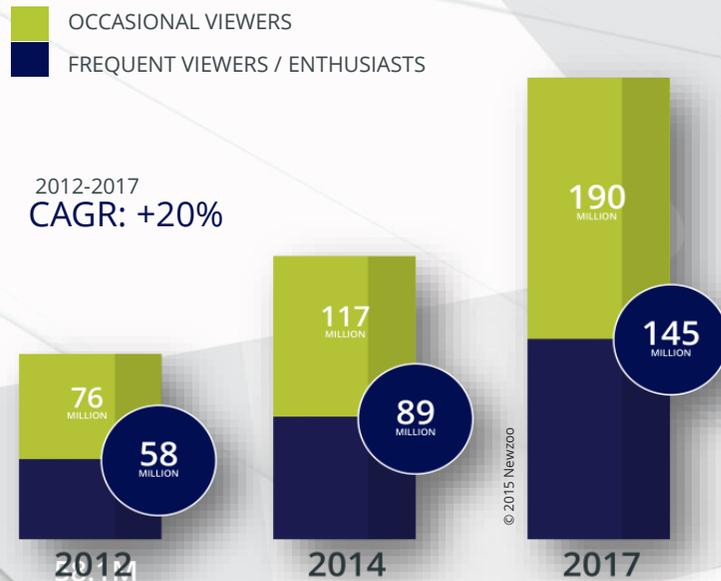


Growth in Audience & Revenues

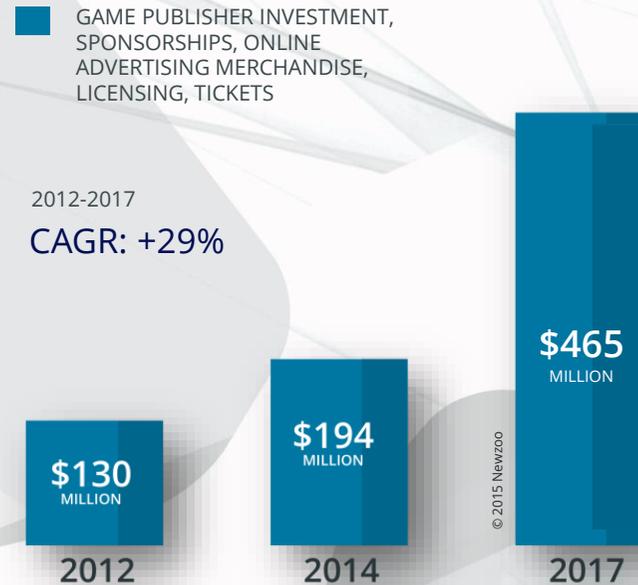
Conservative scenario shows doubling of revenues towards 2017

Esports has been popular in Asia, Korea in particular, for over ten years. Thanks to the uptake of esports in the West, growth is now accelerating: both in terms of audience (CAGR+20%) and revenues (CAGR+29%). The full report gives full insight into regional growth for consumers with various levels of esports involvement. The report chooses a relatively conservative scenario for revenues but also points out, by a comparison with traditional sports, that revenues could surpass \$1 billion within just a couple of years.

Esports Audience Growth (Million)
For 2012, 2014 and 2017



Esports Revenue Growth (\$Million)
For 2012, 2014 and 2017



Source: Newzoo's Global Esports Audience and Revenue Model

QUOTE FROM FULL REPORT



"At ESL we're all extremely passionate about esports. As the world's largest esports company, we aim to support the community move toward achieving its full potential with every event we host. With legendary esports moments from all across the globe we are setting benchmarks and this is something we hope to be able to say for years to come".

Heinrich Zetlmayer,
Managing Director, ESL Global



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The Esports Economy

Key Components of (Professional) Competitive Gaming

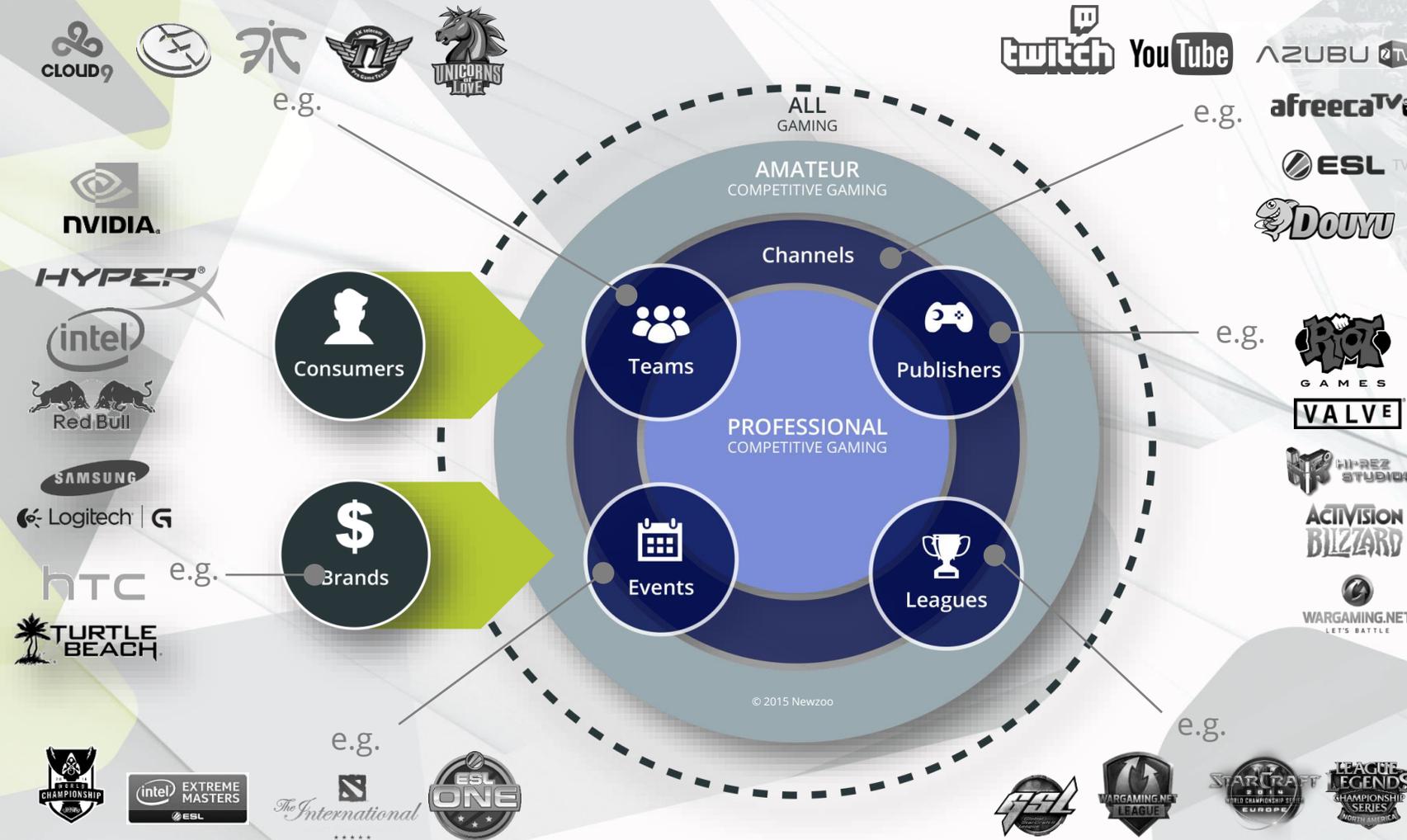


QUOTE FROM FULL REPORT



"HyperX has been involved in esports for almost a decade now and it's always been an important part of our company. Supporting gamers at all levels has always been one of our core principles and we have seen explosive growth largely due to the huge influx of new gamers coming into the PC gaming market. Esports becoming mainstream has been a huge factor for our growth and we are excited to see what the future holds for us and the industry".

Lawrence Yang,
Global Business Manager, HyperX



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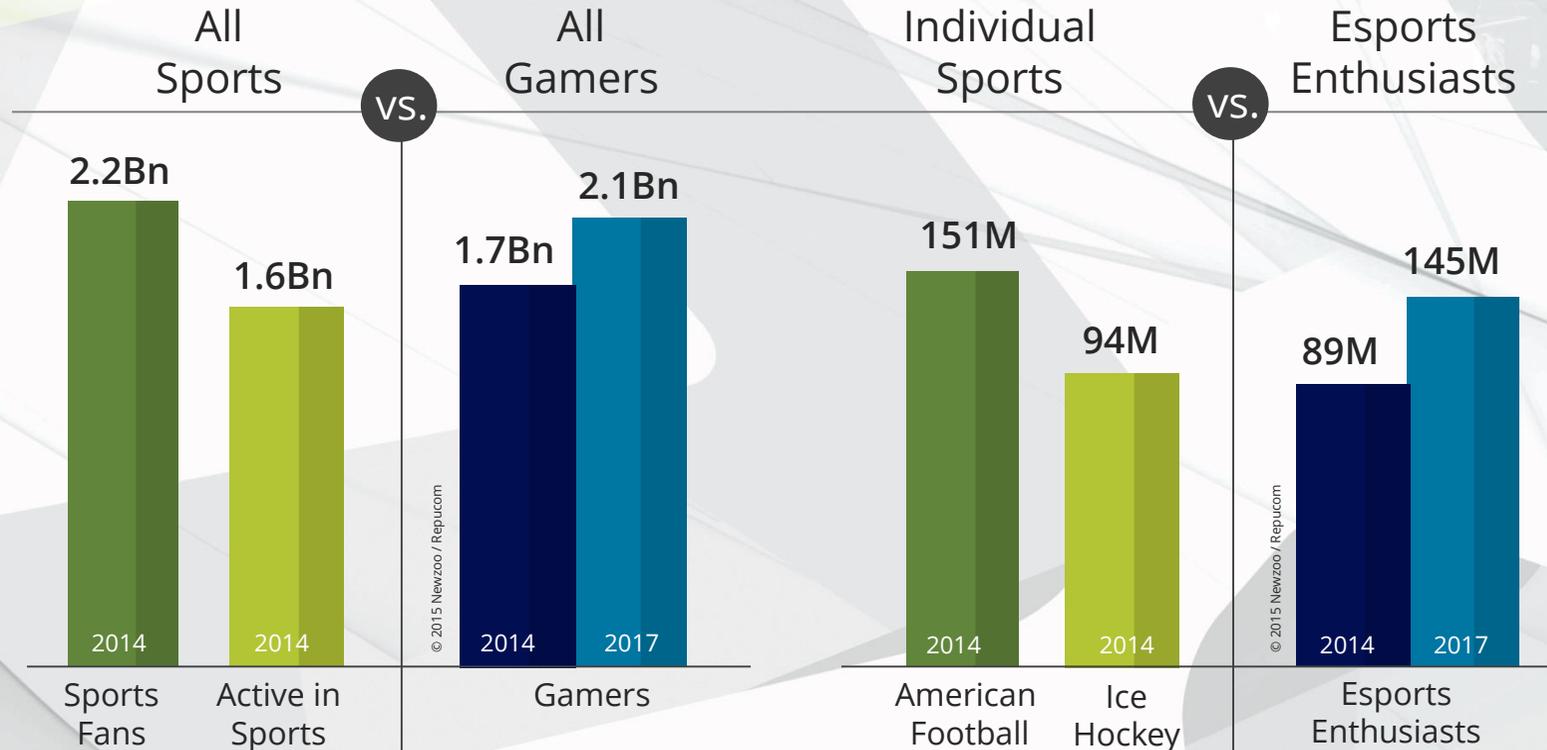
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Sports and Esports Audiences Compare Well

Total # of sports fans equal gamers; Esports comparable to Ice Hockey

There are 2.2 billion people globally who consider themselves to be interested or very interested in sports. Of these, 1.6 billion actively participate in at least one sport – comparable to the number of people who play games (1.7 billion). The total amount of frequent esports viewers will total 89 million globally this year and is anticipated grow to 145 million over the next three years.

On a global scale, the number of esports enthusiasts compares well to mid-tier traditional sports. Currently, the popularity of esports is on par with sports such as swimming and ice hockey. By 2017, the number of esports fans will come close to that of American football.



REPORT PARTNER

REPUcom

“Repucom has been studying sport and entertainment fans across the world for decades, and there’s never been a more exciting time for new formats which engage the next generation. This collaboration with Newzoo gives our clients a chance to see how far esports have travelled already, and the potential value we can expect in the near future”.

Mike Wragg
Global Head of Research
repucom



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Towards a Billion Dollar Esports Economy

Revenue per (e)sports fan indicates additional growth potential



On a global scale, 2 billion sports fans each generate an average of \$56 per year across all sports, while esports enthusiasts generate \$2.2 per person per year (without game revenues taken into account). In general, individual sports generate anything upwards of \$20 per fan per year. The Global Growth of Esports report chooses a relatively conservative scenario for future revenues. This is based on audience growth combined with a slightly higher average revenue per fan of \$3, still many factors lower than sports. The image below shows that if this rises to \$7 per fan, Esports would cross the \$Bn mark in 2017, while it would take until 2020 in the conservative scenario. The full report shows more detailed sports data and talks about the key factors that will determine the speed of growth going forward.

Esports Growth Scenarios

Based On Annual Revenue per Enthusiast

Alternative Optimistic Scenario

\$1 Bn

Report Scenario

\$2



\$3.0Bn

\$15

\$1.1Bn

\$7

\$5

\$3

\$1.0Bn

\$0.5Bn

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The Valuable Esports Enthusiast

Big spenders & heavy digital media consumers



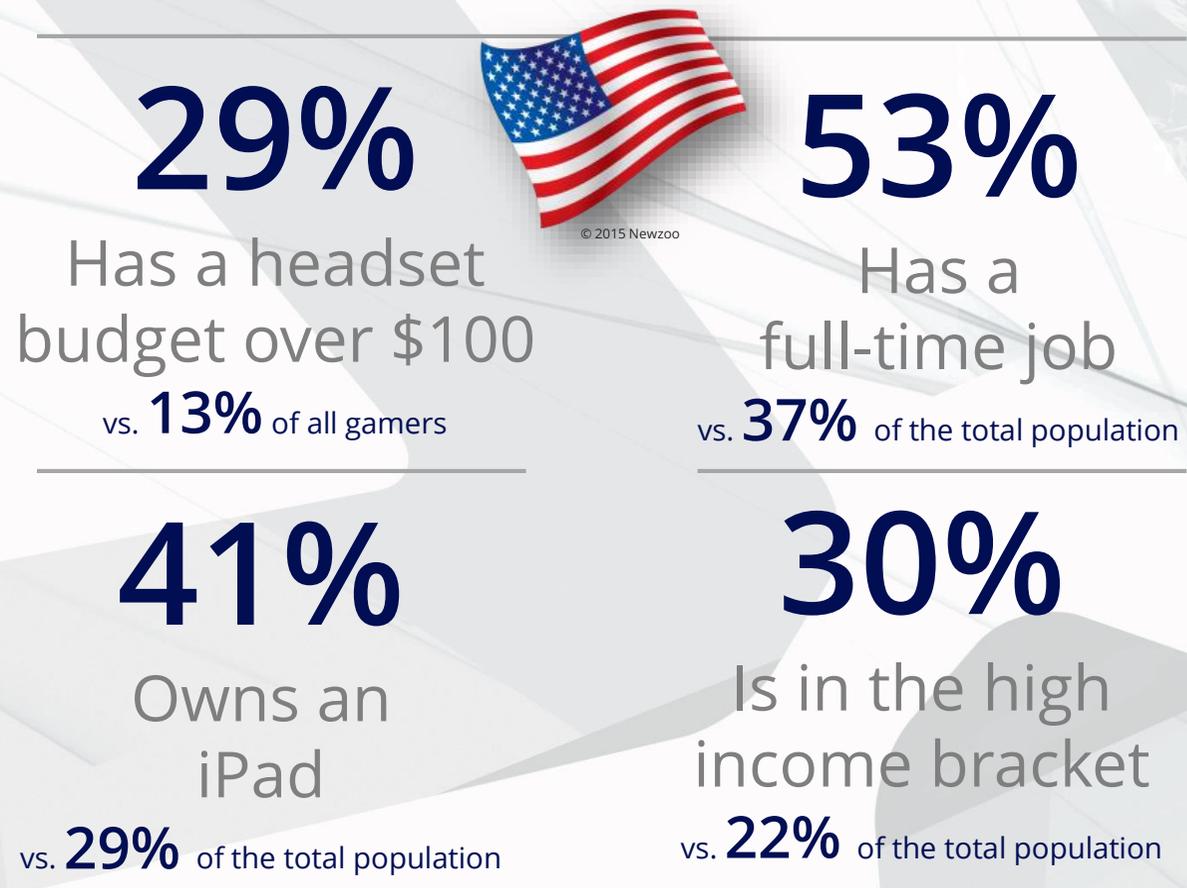
The esports enthusiast is extremely valuable for big brands, digital media providers & headset manufacturers alike. Participants & viewers are more likely than the total population to have a Netflix or Spotify subscription, to have a high income, a full-time job and to shop more frequently. This target group is also much more likely than other gamers to spend big on the latest hardware devices including gaming peripherals.

Examples of Brands

That already are involved in esports



2014 US DATA



QUOTE FROM FULL REPORT



"Esports is a major part of Intel's marketing strategy with regard to gaming enthusiasts. They are web-savvy people who know exactly how to traditional marketing, do not watch TV, use ad block in their web browser and consume their entertainment almost entirely on-demand. Our answer to this was to partner with ESL to create the Intel Extreme Masters, a series of competitions which visits every corner of the world and has become one of the primary sources of entertainment for millennials around the world. The Intel Extreme Masters has proven more than worth the spend for Intel".

George Woo,
Event Marketing Manager, Intel



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Source: Newzoo Data Explorer / Esports Country Data

Where There is Competition, There is Betting

Traditional forces and start-ups jump on this new betting niche

The majority of global sports betting companies already offer esports betting. While the esports scene is still growing rapidly, the relatively unknown esports betting scene is sure to grow with it. In 2014, various start-ups focused solely on esports betting and fantasy leagues emerged. One of the biggest players in sports betting worldwide, Pinnacle, first began experimenting with esports betting in 2010 and the market has doubled in size for them for four consecutive years. In December 2014, they reached one million esports bets. This makes esports Pinnacle's seventh biggest market in terms of volume, exceeding sports like golf and rugby. Recently, an esports championship in China witnessed a higher betting volume than a top Premier League soccer game.

Bookmakers

that support esports bets

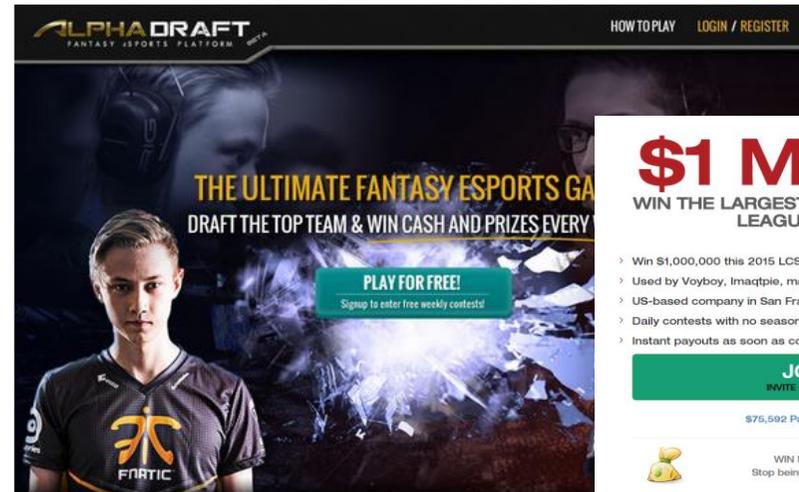


Esports Fantasy Leagues

are on the rise



This startup wants to turn your League of Legends' e-sports fandom into cash



\$1 MILLION
WIN THE LARGEST PRIZE POOL IN FANTASY LEAGUE OF LEGENDS

- › Win \$1,000,000 this 2015 LCS season by just picking your favorite players
- › Used by Voyboy, Imaqtpie, mandatoryCloud & dozens of pro players
- › US-based company in San Francisco. Legal & Reliable
- › Daily contests with no season-long commitment
- › Instant payouts as soon as contests end. Contests start at \$1

JOIN NOW
INVITE ONLY. REQUEST INVITE.

\$75,692 Paid out so far. [View Details.](#)

VULGUN

WIN MORE MONEY THAN THE PROS
Stop being a Spectator. Be part of the Action.

Above: Putting money on League of Legends could make the game even bigger.
Image Credit: AlphaDraft

January 16, 2015 2:30 PM Here's your new obsession: League of Legends daily fantasy sports.
Jeff Grubb

© 2015 Newzoo



QUOTE FROM FULL REPORT

iGAMING CAPITAL

"eSports offers iGaming operators a new and exciting market that falls outside the traditional sports genre. Only a few of the mainstream betting operators are fully taking advantage of eSports. Video footage covering the events is now more wildly accessible with the Twitch generation, making eSports a huge potential growth area for any large bookmaker".

Melissa Blau
CEO, iGaming Capital



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The Next Step

Get your hands on the real thing

Mike Wragg
Executive Vice President,
Global Head of Research, Repucom
mwragg@repucom.net

Emma McDonald
PR & Marketing Manager
Client Director, Newzoo
emma@newzoo.com

Pieter van den Heuvel
Esports & Peripherals Market Analyst
pieter@newzoo.com

REPUcom

Repucom is a global leader in sports marketing research. Utilizing the leading technology and facilities for market research, market intelligence media evaluation and commercial auditing, Repucom has created the industry's first global, full-service portfolio for sports marketing research and consultancy.

The company provides a single, independent source of holistic market data and insights to help its clients achieve value in their marketing and sponsorship activities. Repucom draws on almost 30 years of experience and accumulated insights. It has established itself as the research provider of choice for over 1,000 of the top rights holders, brands, agencies and broadcasters in sports and entertainment worldwide.
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games market research

Newzoo is an international full service market research and consulting firm, 100% focused on the games industry. We aim to provide the best independent market data across all game segments and business models based on our proprietary market research projects in a broad range of countries. Using our extensive network and deep involvement in the industry, we aim to stay ahead of the curve and at least two steps ahead of our competitors.

Newzoo works for the majority of top 25 public companies by game revenue, many independent game developers as well as a variety of global hardware and media companies. Newzoo's headquarters are based in Amsterdam. It recently opened its first international office in Shanghai, China.
www.newzoo.com

Full 68-page report

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