

eSports and the use of millennials' time

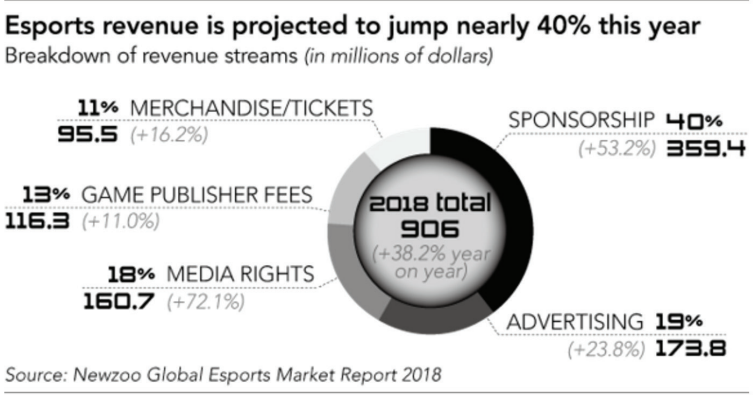
This think piece explores eSports and the use of millennials' time.

What are eSports?

- Organised multiplayer video game competitions between players, either individually or in teams.
- The world's fastest-growing sport – due to its growing legitimacy, increasingly wide array of games, streaming videos, convergence of various established industries.
- Huge passion point for many people under 30 and is taking up significant share of their discretionary time.
- Sport simulations are growing in popularity (notably FIFA 19) but fall outside the top 10 most watched eSports. Most popularity and growth is in online battle and first-person shooter games.
- Well established in Asia, North America and Europe. Still in its infancy in New Zealand, but global trend data is highly relevant to us and signals the likely growth of eSports here.

What impact will eSports have on young people's discretionary leisure time and time being physically active?
How will it disrupt traditional sport and recreation?

What's changing?



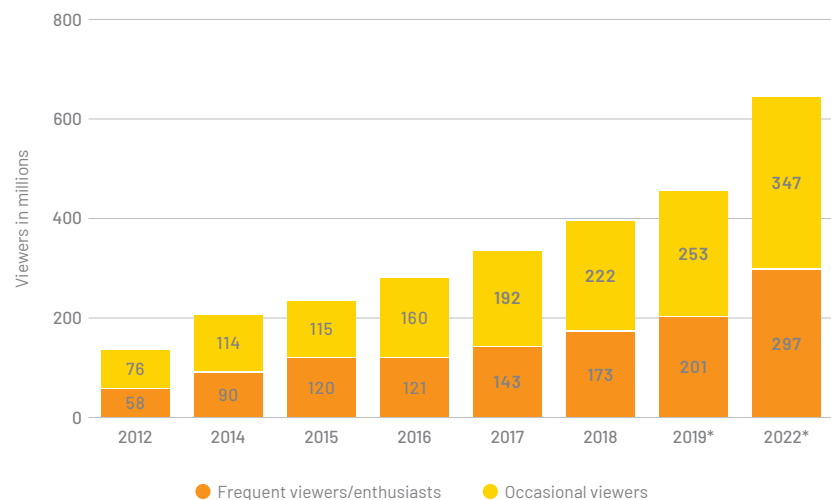
This resource is part of a series which considers the changes and trends most likely to impact the future of the play, active recreation and sport sector and what we can do to best prepare for change.

Industry growth

- Analysts are anticipating this growth to continue, with projected [\\$2.5b revenues in 2020 and \\$3b by 2022](#).
- Of the three major eSports countries (South Korea, China and the US) [a recent PwC report anticipates uptake of eSports will grow the fastest in China](#), at 26.3%. Chinese IT giant Tencent Holdings agreed in 2017 to transform the city of Wuhu into an eSports hub, with a dedicated international stadium and an eSports university.
- Market size expected to grow to \$1.5b in 2020. 24% of Chinese eSports users are female, 69% of whom are 21-30 years old.
- [The global user base is expected to grow to 590m in 2020, with Chinese users growing to 350m](#).
- [Deloitte Australia recently noted](#) that its local scene is very light on talent due to its small player base and internet is too slow to compete at a global level.
- New Zealand is likely in a similar position to Australia, although our internet speeds are better. eSports NZ has a membership of only 950, but a million New Zealanders play video games.
- Around 64% of New Zealand's online population are [gaming enthusiasts](#), most of which play games on mobile to pass the time. eSports is not a major part of their lives, but this may change.

Spectator Growth

- The global video games market will generate revenues of \$180.1b by 2021, and eSports will be a major driver of this.



- By 2021, the global eSports audience is [expected to grow to over 580 million globally](#).

eSports demographic is young and diversifying

- [While its audience is typically male and millennial, there are signs eSports is becoming more diverse](#).
- There's still a distinct lack of professional female gamers to watch. This is one reason why the industry remains unattractive to many women.

Convergence of esports with traditional sport

- Football and basketball are leading the convergence between eSports and traditional sports; connecting with a young fanbase [increasingly disinterested in traditional sport](#).
- Twenty-one NBA franchises have an [eSports team](#); and eSports basketball franchises could be [worth the same as NBA teams](#) (US\$1b) in the near future.

Cultural integration

- The millennial generation has grown up with eSports as its cultural norm. This cultural integration is a major contributor to the growth of the eSports industry.
- eSports provides millennials with the opportunity to capitalise on their favourite past times; playing video games, watching video game content, and communicating with each other.

Broadband access and speed

- The availability of computers and faster internet connections in households has enabled eSports to be cheaply and easily live streamed to millions of viewers.
- [Live streaming has dramatically increased over the past few years](#) as a competitor to traditional broadcasting and content streaming.
- Multiple platforms like Twitch, YouTube Gaming, Facebook Live, Mixer, and Caffeine all feature gaming content and are expanding into other content types, including traditional sport.

Cross-Media and Broader Tech-Sector Integration

- Convergence of telecoms, media, sports and entertainment is driving the growth of eSports. [The competition for eSports content is growing, with media and telecom companies vying for rights to teams and leagues](#).
- [Deloitte Australia notes](#) the natural synergy with eSports and telcos, and predicts eSports as an integrated telco-tainment offering.
- Game developers in the broader video game industry are designing with a professional eSports subculture as their target market.
- [Mobile is projected to claim more than 50% the market by 2020](#).

Legitimacy

Integration within education settings

- Traditional sports continue to be heavily integrated into the educational structure of most countries, but eSports clubs are establishing themselves – mostly in colleges and universities.

Acceptance as a sport

- While eSports are becoming increasingly prominent, they are not regarded as “real” sports on a global scale, particularly in most European countries. In contrast, [eSports are officially recognised as sports in Asian countries and will be part of the Asian Games in 2022](#).
- eSports have started to run in conjunction with conventional events. Melbourne [hosted a Fortnite tournament at the Australian Open](#) with US\$355,000 prize money.
- eSports typically younger demographics may be the [factor that ultimately convinces the IOC to add eSports to the Olympic Games at some point](#). Viewership for events, both online and on TV, has regularly outpaced that of major traditional sports tournaments.
- The question of whether eSports are sports is a question currently in front of Sport NZ, through an application for ‘recognition’ from the national body for eSports, and a request by RITA to take bets on eSports (only permissible if we deem it a sport).

Implications for the play, active recreation and sport sector within the next 10 years

Shifting support	Millennials follow a much broader range of both traditional and alternative sports than adults and have a far greater selection of viewing alternatives.
Redirection of brand investment	Consumer brands will follow their customers to eSports platforms.
Disruption to sport and broadcasting models	eSports challenging traditional sport to rethink how it provides itself as an entertainment, event and media proposition that appeals to younger audiences.
Wellbeing	Screen time and burnout has a negative impact on mental health.
Gambling and integrity	Will significant wagering on eSports come at the expense of traditional sport? Performance enhancement and gambling practices will raise integrity issues.
