

COVID-19 will accelerate the democratisation of e-sports

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Rémy Pascal

A large proportion of the population worldwide has been staying at home since March 2020. The COVID-19 crisis has forced a change in behaviour, particularly regarding the consumption of media. People have been watching more TV and video content, but live sports have largely disappeared from their screens because competitions have been cancelled or postponed. Meanwhile, e-sports have been grabbing consumers' attention and a bigger share of airtime. This comment explores the impact of the COVID-19 pandemic on e-sports and discusses the opportunity for operators and pay-TV providers.

E-sports have been occupying the space left by the reduction in live sports content

Consumers have had more free time to consume TV and video content due to COVID-19-imposed confinement measures. This has benefitted both linear TV and OTT platforms, but sports content has been largely absent. This is why some broadcasters have recently acquired new rights for the rare competitions that are still ongoing. For example, ESPN started to broadcast South Korea's professional baseball league in the USA. Similarly, South Korean football reached TV screens in Croatia, Germany and Switzerland, and Belarussian football can be seen in India and Israel.

Broadcasters have also considered e-sports. Some e-sports competitions have been cancelled or postponed, but the genre has not suffered as much disruption as live sports due to the possibility of holding remote competitions. Sports and e-sports do not traditionally share the same audience, and e-sports are typically watched online rather than through traditional pay-TV, but Fox in the USA introduced e-sports for the first time and broadcasters that already feature e-sports (such as ESPN) have given the genre a much bigger share of airtime.

Flagship events have been organised. For example, the F1 Virtual GP series has been aired on Sky in the UK, Italy and Germany, Ziggo Sport in the Netherlands, Telefónica in Spain, ESPN in the USA, Fox in Latin America, Asia and Australia and Spark in New Zealand. This series is particularly attractive because of the participation of professional Formula 1 drivers such as Charles Leclerc. Professional drivers have also participated in virtual Nascar races aired on Fox in the USA, and several events had more than 1 million viewers. This figure is non-negligible, but is significantly lower than the 2 million to 7 million viewers for traditional races. Professional football and basketball players have also participated in virtual competitions within their sports. Sports celebrities are excellent ambassadors for e-sports, and have helped the genre to reach a new audience that is less or not at all familiar with it.

Sports channels have naturally turned to sports games with titles such as FIFA and NBA 2K, but ESPN has additionally started to air other genres with titles such as League of Legends and Apex Legends. FIFA and NBA 2K are easy to understand for novices and non-gamers and can appeal to sports fans due to their similarities with real-life sports. However, a basic knowledge and understanding is required to enjoy strategy and battle games,

and ESPN's choice indicates that it believes its audience to have this knowledge and/or that it is willing to educate its viewers.

E-sports will not replace live sports, but it can help to offset some of the negative impact of COVID-19 by filling TV schedules

Analysys Mason estimates that the disruption to live sports will result in a 4% decrease on the total traditional pay-TV retail revenue in 2020 because many providers will offer sports channels for "free" for several months while events are disrupted, or they may substitute sports content with other premium content. [We predict that the pandemic will result in a 2% decrease in the total traditional pay-TV retail revenue in 2021.](#)

We are not suggesting that e-sports can fully replace traditional sports and make up for the losses due to the COVID-19 crisis, but they can play a role in offsetting some of the negative impact. TV advertising revenue will diminish, meaning that content budgets are also likely to be reduced, and e-sports represent a way to fill schedules at a lower cost.

This troubled period also offers an opportunity to test the appeal of new content to a wider audience as well as to look for new advertisers that are interested in reaching e-sports viewers. Traditional sports will naturally take the space back when competitions restart, but e-sports will have made some in-roads.

Operators and pay-TV providers should see e-sports as a long-term investment

E-sports viewership was growing before the COVID-19 outbreak and we expect that this will continue irrespective of the fall out of the pandemic. It will take time for e-sports to become mainstream, but the democratisation is under way. Many pay-TV providers and operators understand the importance of the genre, and [we have identified at least 40 major operators worldwide that are already engaging in e-sports activity.](#)

Operators with pay-TV or OTT video services may try to procure more e-sports content. For example, SK Telecom secured the exclusive rights to broadcast the 2020 League of Legends Champions Korea, including AR and VR broadcasts. KT and LG U+ have each launched a dedicated e-sports streaming application with live and VoD content and advanced features such as replay, multi-views, the option to select the camera/player you want to watch in real time and the ability to view an enlarged 3D map of the battlefields. Movistar launched the Copa Seguimos Conectados, amateur tournaments of FIFA 20 and NBA 2K20, in May 2020, and the competitions were broadcast on Movistar's Twitch channel, with highlights on the Movistar Sports channel.

Operators can also look for sponsorship opportunities or get involved in the organisation of e-sports leagues and competitions to take advantage of the genre's popularity and engage with younger consumers. E-sports marketing activation is ideal for promoting premium broadband services (such as FTTH and 5G). For example, Faker, a star e-sports player, is one of the faces of SK Telecom's 5G campaign.

The e-sports value chain is largely controlled by game publishers and streaming platforms such as Twitch and YouTube. Therefore, operators and pay-TV providers should not overestimate their e-sports revenue opportunity in the short term. Instead, they should view e-sports as an area to enter early for a minimum cost in order to be better positioned when the size of the pie grows.