

QUARTZ MEMBERSHIP



# How esports became big business

Member exclusive by

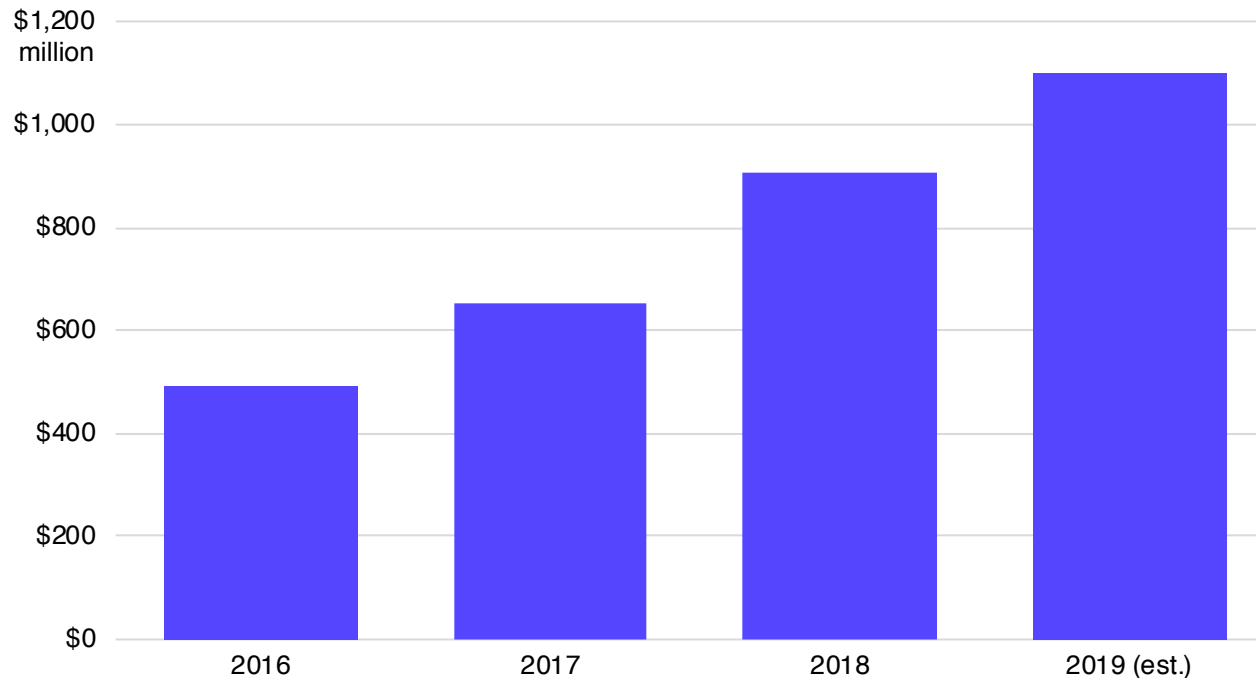


Walter Frick

## Game on

Tens of millions of viewers are tuning in to watch other people play video games competitively, and it's becoming big business. Global esports revenue is expected to reach \$1.1 billion for 2019, according to a report by Newzoo, a gaming analytics firm—mostly from advertising and sponsorships. As esports becomes more popular, it is creating a new kind of sports star, and both the gaming industry and professional sports franchises have taken notice.

**Combined revenue of global esports organizations**

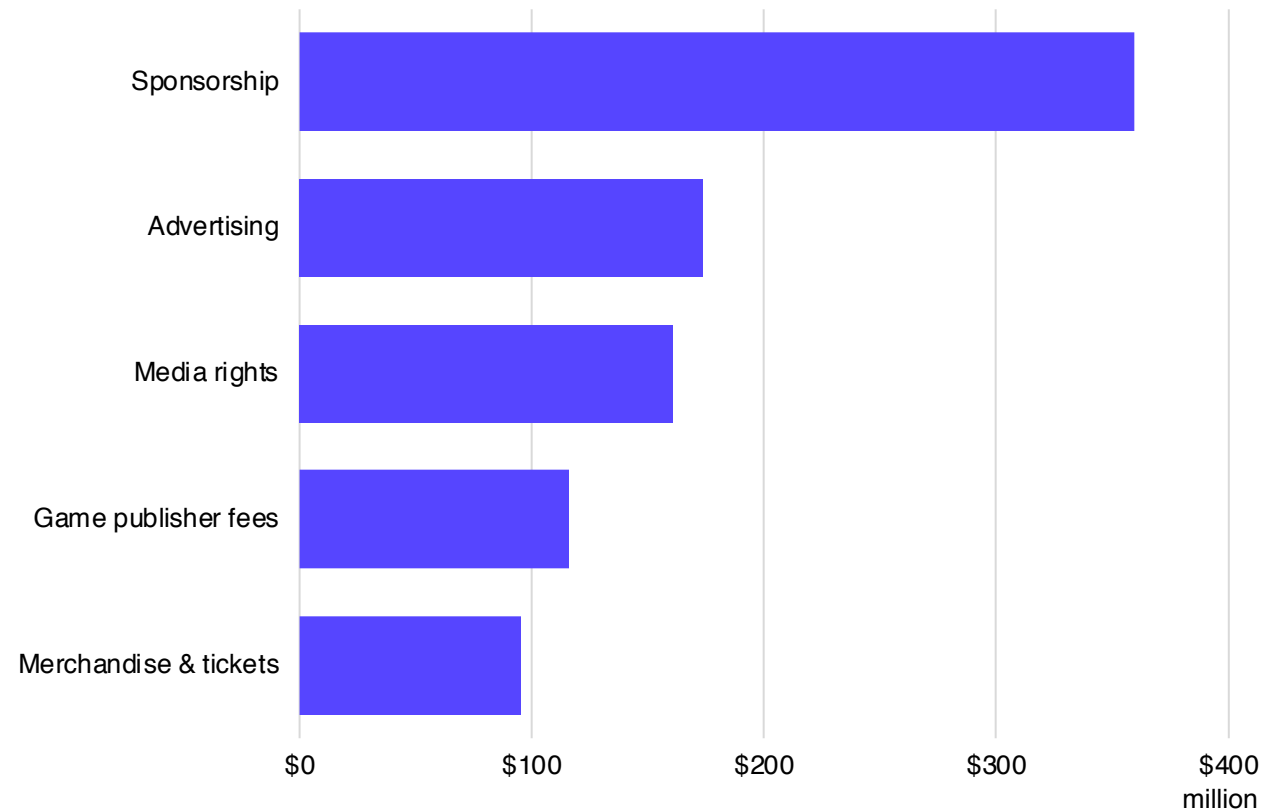


## A familiar playbook

Esports makes money the same ways that other professional sports do: through a mix of advertising, sponsorship, merchandise, and licensing.

- Salaries for players are low by the standards of professional sports, though prize money is sometimes significant.
- Sponsors include Mastercard, Toyota, and Intel.
- ESPN has occasionally aired esports championships on television, but most of the attention, and therefore the advertising, is centered on streaming platforms like Twitch.

How does the global esports industry make its money?



## It all started with Alex Trebek (seriously)

The history of esports arguably starts with a game show called *Starcade*, broadcast on TBS, the pilot of which was hosted by Alex Trebek. (Trebek was busy hosting another game show and so did not host any other episodes.) In *Starcade*, two contestants faced off in an arcade game that the winner got to take home.

### A short history of esports

1982

TBS begins broadcasting *Starcade*. You can still watch an [episode](#) on YouTube.

1997

The Cyberathlete Professional League (CPL) is founded by investors in Dallas. MTV broadcasts CPL competitions.

1998

Blizzard releases *StarCraft*, the real-time strategy game that let players go head-to-head. The *StarCraft* franchise remains popular within esports.

2000

OGN, a South Korean television network, launches with 24/7 coverage of *StarCraft* play.

2011

Justin.tv, a livestreaming platform, rebrands as Twitch. Today it's one of the primary ways spectators watch esports, especially in the West.

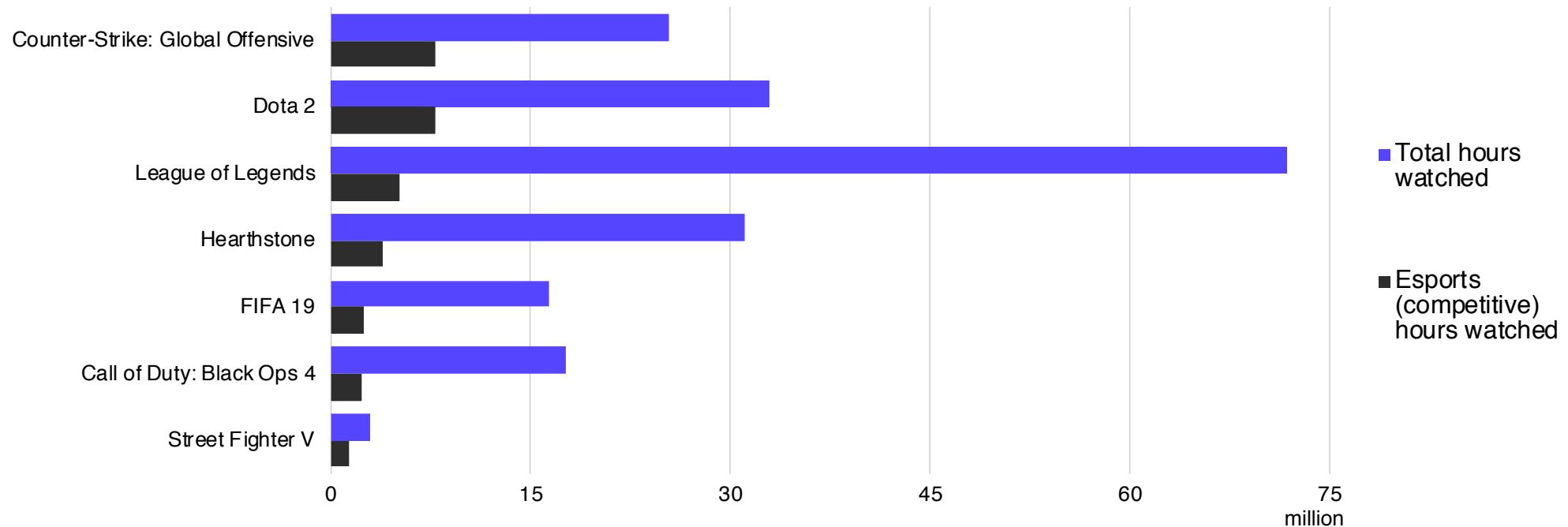
2018

Nearly 100 million people tune in to watch the *League of Legends* World Championship, roughly as many as watched that year's Super Bowl.

## The world is watching

In 2018, 99.6 million people tuned in to watch the *League of Legends* World Championship, according to Riot Games, which developed the game and hosts the event. That same year, CBS reported 100.7 million Super Bowl viewers, including both TV and streaming. Investors are betting that the money will follow the eyeballs.

**Top games by hours watched on YouTube and Twitch**  
Data from December 2018



## Pro sports franchises have taken notice

The Boston Uprising is an esports team that competes in the game *Overwatch*, and they're owned by a familiar face in sports: New England Patriots owner Robert Kraft. Harris & Blitzer, the ownership group of both the Philadelphia 76ers and the New Jersey Devils, own an esports team, too—which it bought from the Houston Rockets. Los Angeles Rams owner Stan Kroenke also owns an esports team.



Franchise owners see the growth in esports and are trying to get in early, while the teams are relatively cheap to purchase. Premier esports teams have sold for \$5-15 million, according to a report by ESPN.

## Teamwork

As esports becomes big business, the teams that compete in it are becoming more professionalized. They train for hours a day, sometimes while living together in the same house or apartment complex.

But many players worry about the toll that long hours of training sessions can take. Many esports athletes retire by age 25, due to burnout and sometimes carpal tunnel injury.

The owners of some teams are responding to these issues by limiting practice hours, encouraging exercise, and providing regular access to trainers and sports psychologists.

Teams owned by major league sports franchises have an advantage here. Dignitas players, for example, have access to the training facilities of their owner: the Philadelphia 76ers.

Company	Value (millions)	Revenue (millions)	Players	Teams
Cloud9	\$310	\$22	92	11
Team SoloMid	\$250	\$25	39	7
Team Liquid	\$200	\$17	65	14
Echo Fox	\$150	\$11	23	8
OpTic Gaming	\$130	\$10	52	6
Fnatic	\$120	\$11	45	11
Gen.G Esports	\$110	\$12	50	7
G2 Esports	\$105	\$8	53	11
Immortals	\$100	\$5	22	4
Envy Gaming	\$95	\$5	69	7
100 Thieves	\$90	\$5	33	4
Counter Logic Gaming	\$50	\$4	45	7

## Gaming celebrities

As esports grows, gamers are becoming celebrities and, in some cases, rich. Here are a few of the stars, as described in Quartz's [esports field guide](#) by journalist Luke Winkie:



AP PHOTO/INVISION FOR NFL/PAUL ABEL

### Tyler “Ninja” Blevins

“Ninja is the first true superstar crossover gamer. He’s transcendentally good at Fortnite, and his daily Twitch stream earns mind-boggling traffic every time he goes live... While Ninja is not technically an esports pro, as he doesn’t belong to a competitive team, he does represent the insurgent future of the gaming entertainment industry.”



SCREENSHOT VIA TWITCH

### Michael “Shroud” Grzesiek

“Shroud used to be a professional Counter-Strike player for Cloud9. Today, though, he spends most of his time in his Los Angeles apartment, streaming out games on Twitch for a massive audience. He’s living proof that it is possible to enjoy retirement in esports, and still make a boatload of money.”



FRANK MICELOTTA/PICTUREGROUP/SHUTTERSTOCK

### Dominique “SonicFox” McLean

“A fighting game wunderkind—and one of the best professional gamers in the world—SonicFox often discusses their identity as a black, queer furry that can destroy the field.”



COURTESY OF TEAM LIQUID

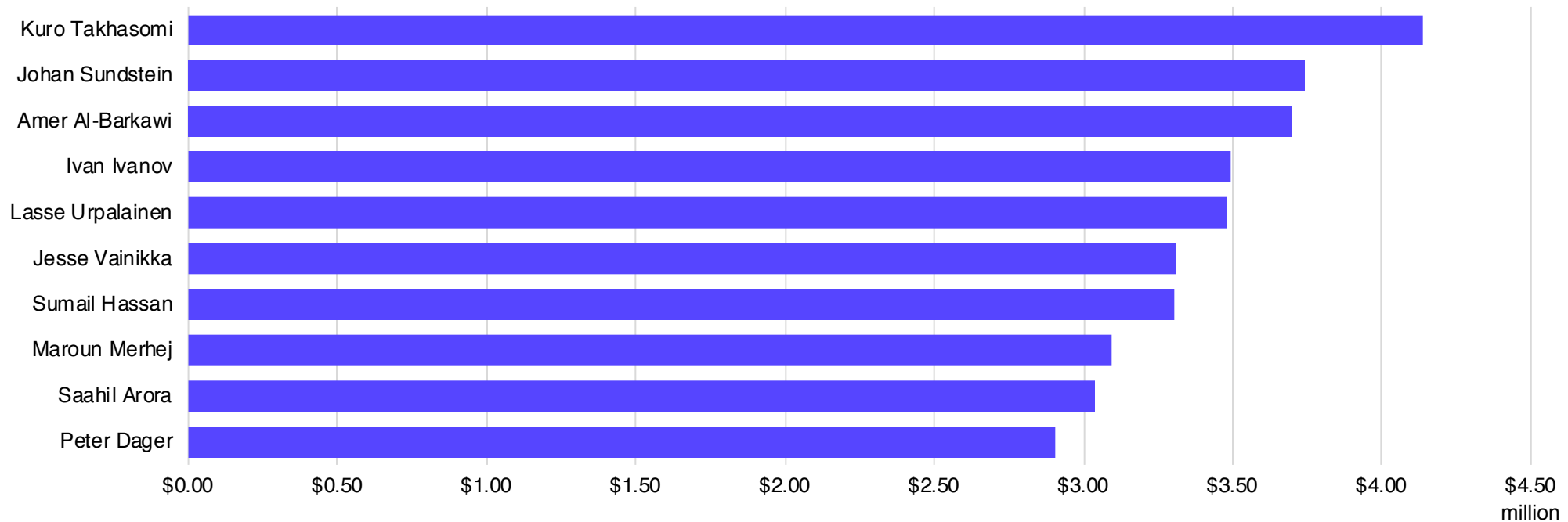
### Yiliang “Doublelift” Peng

“The most popular, and possibly the most talented, North American League of Legends pro in the world. Doublelift has played on a ton of teams over the course of his career, and he has cultivated a fan-base thanks to his cocky, no-holds-barred attitude. His preferred catch phrase? “Everyone else is trash.””

## Will there be prizes?

Although esports players' salaries are modest by the standards of pro sports—\$50,000 plus benefits—prize money has turned some into millionaires. Kuro Takhasomi has won the most money of any esports player, according to [esportsearnings.com](http://esportsearnings.com), with total winnings of \$4,137,000.

### The esports players who've collected the most in prize money



## The gaming industry responds

Esports is leaving an imprint on the global gaming industry, too. Gaming, like movies, has long been dominated by new releases. But esports is changing that. *League of Legends* remains extremely popular despite being a decade old. The same is true of seven-year-old *Counterstrike: Global Offensive*. That means game developers are spending more to cultivate an ongoing following around hit games, including sponsoring leagues and advertising on streaming channels.

**10**

The number of years since the release of *League of Legends*, which has one of the largest esports followings

**3 of 10**

Top channels on the gaming streaming platform Twitch that were related to esports in 2018

**\$100m+**

How much League of Legends developer Riot Games spends on esports initiatives in a year

## Want to know more? Read Quartz coverage of esports.

- [Hangzhou is investing in becoming the esports capital of the world](#) – If you're curious about one city's 3.94 million-square-foot esports complex.
- [The future of live-streaming, for better or worse, depends on Twitch](#) – For more on one of esports' biggest platforms.
- [A teen just made \\$3 million playing Fortnite](#) – For the story behind one big-time win.
- [Quartz Obsession: Esports](#) – If you want more esports facts and figures.
- [How to emulate your childhood video game memories](#) – If this presentation left you nostalgic... or ready to up your gaming skills.

You'll also enjoy our member-exclusive field guide on [the rise of esports](#).

Have questions about this presentation, or suggestions for us?

Send us a note at [members@qz.com](mailto:members@qz.com).