

The Truth about Esports during the Pandemic: Generalizable Economic Sustainability Lessons Learned in France

Nicolas BESOMBES, PhD

Université Paris Cité
Institut des Sciences du Sport Santé de Paris
nicolas.besombes@gmail.com

Seth E. JENNY, PhD

Slippery Rock University of Pennsylvania
Department of Exercise Science and Athletic Training
dr.sethjenny@gmail.com



01

CONTEXT



× × × ×
× × × ×
× × × ×
× × × ×
× × × ×



Following the first lockdowns set by the French government on **March 5th, 2020** aimed at reducing the spread of Covid-19

The **esports industry continued to be praised** throughout countless media outlets and social platforms as having

Benefited & even thrived during the Covid-19 Pandemic.

May 15, 2020

WORLD
ECONOMIC
FORUM

How COVID-19 is taking gaming and esports to the next level

Stefan Brambilla Hall

Project Lead, Media, Entertainment and Sport, World Economic Forum Geneva

PennToday

Esports gets a lift during pandemic

While other sports temporarily fade into the background, professional gaming thrives. Wharton MBA students are paying attention.

CREDITS

Brandon Baker
Writer

DATE

June 17, 2020

SUBTOPICS

Video Games, Coronavirus

Europe 1

EN DIRECT LIONEL ROSSO & VIRGINIE PHULPIN

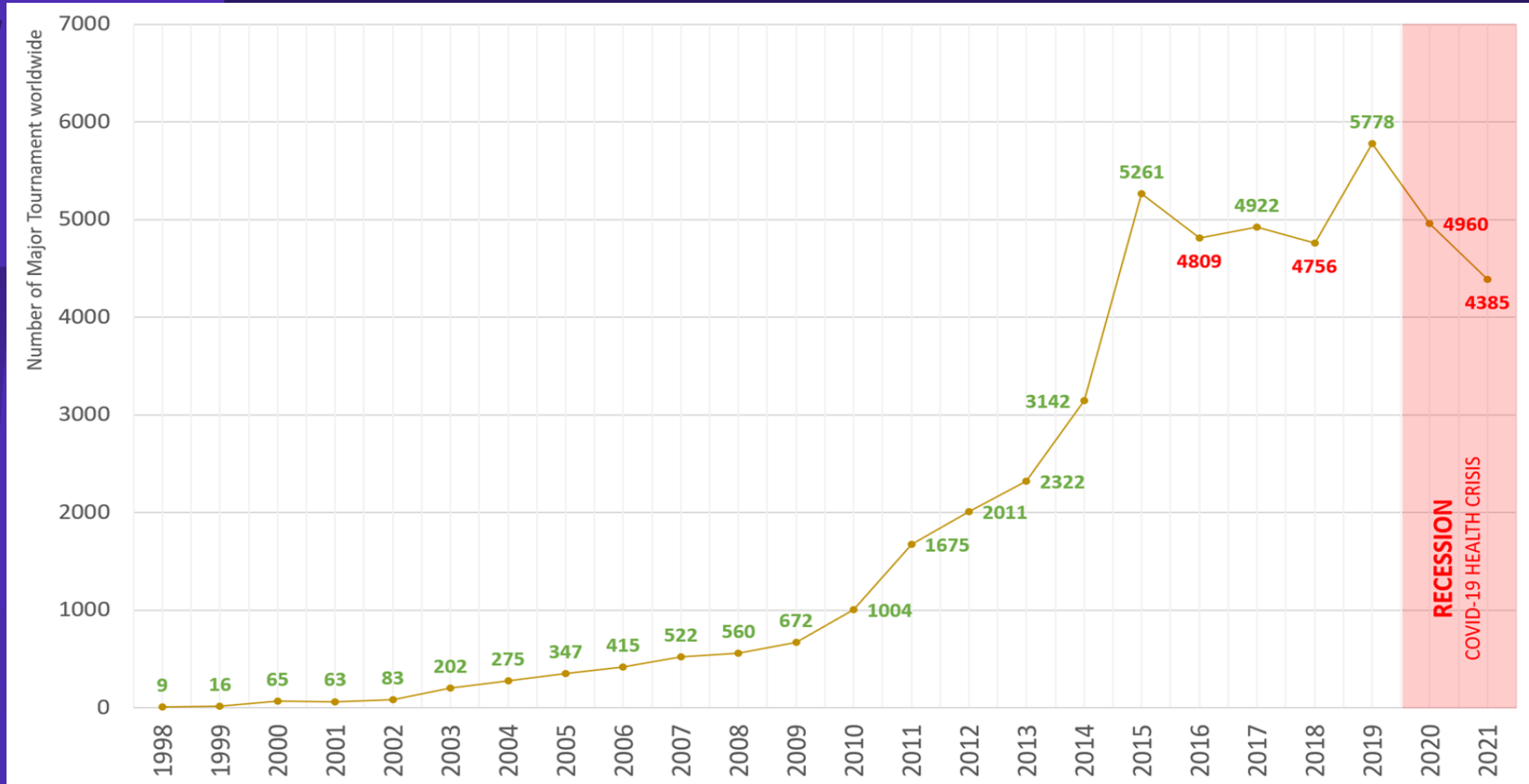
PROGRAMMES

EUROPE 1 SPORT

La rétro sport - L'E-Sport, grand gagnant du confinement

EUROPE 1 - 07h49, le 07 juillet 2020, modifié à 07h50, le 07 juillet 2020

HOWEVER, for the first time since 1998, aggregated number of **Esports Competitions** held globally **decreased two consecutive years** in **2020** and **2021** across the COVID-19 pandemic.



This is linked to

**Travels & Gatherings
Bans**

**Closure of
Public Spaces**

**Border Crossing
Restrictions**

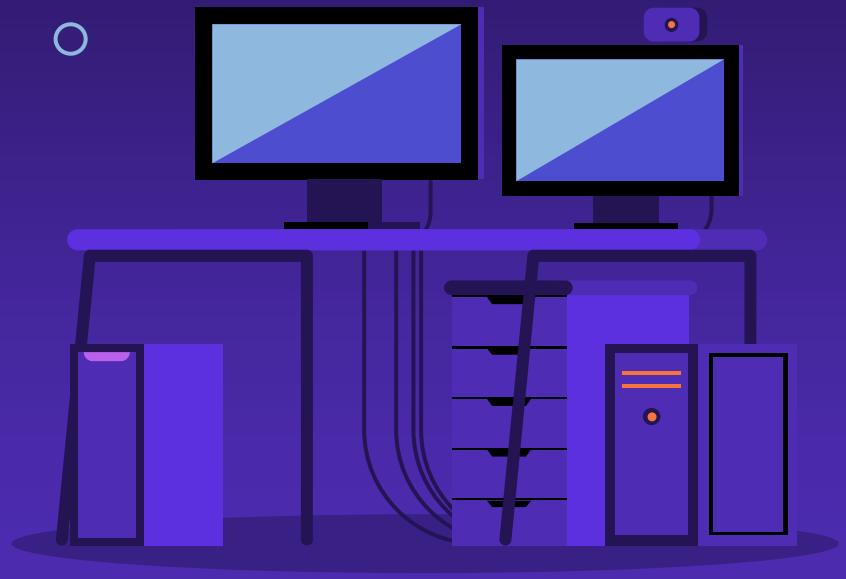
**Successive
Curfews & Lockdowns**





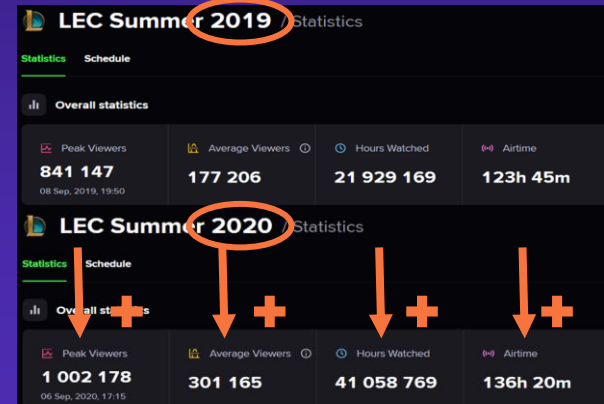
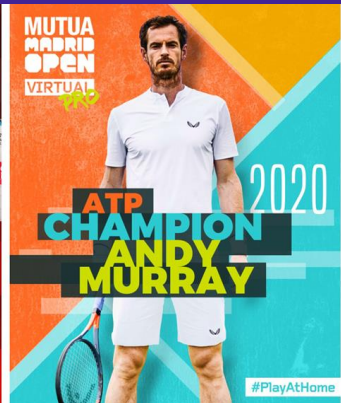
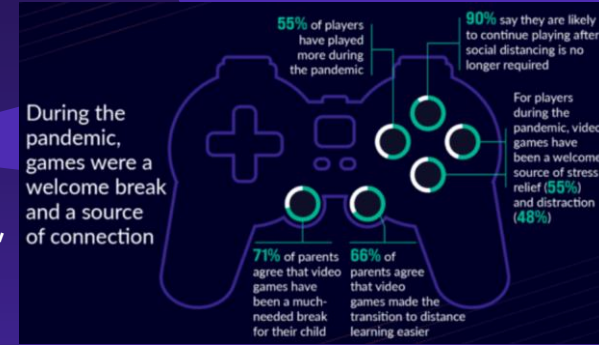
02

**GAMING & ESPORTS
DURING PANDEMIC**



Pandemic & Lockdown **appeared by many outsiders to have only positive economic effects due to increased:**

- Media Coverage
- Sports athletes competing in esports tournaments
- Viewership / Streaming hours
- Number of Collegiate Esports Programs (Postell & Narayan, 2021)
- Levels of Engagement of Online Gaming (ESA, 2021; Nilsson et al., 2022)





Internationally, the video gaming market saw a **19.6% growth over 2019**, representing a consolidated revenue of \$174.9 billion USD (Wijman, 2020)

Similarly, within **France**, the game publisher trade union reported revenues of 5.3 billion euros for 2019, **representing a growth of 11.3%** (SELL, 2021)

Literature Gaps

Unfortunately, little past research has investigated the **pandemic's economic impact** on the esports industry.

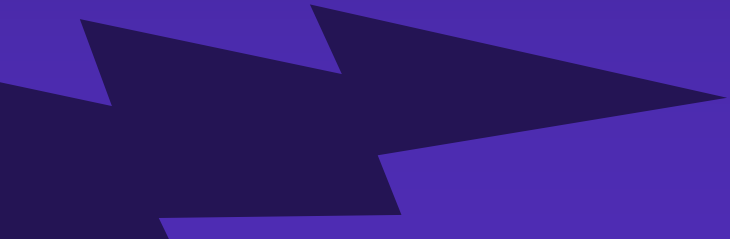
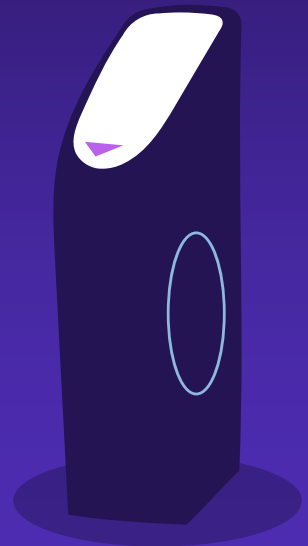
Past research in this area has been limited to:

- **mere Audience Statistics** (e.g., Geysler, 2021)
- **or the entire Video Gaming Industry sales** (e.g., Dealessandri, 2021)



03

RESEARCH QUESTIONS



Research Questions



01

What were the economic consequences of the pandemic upon the esports market?

02

Did the additional media exposure that esports received during the prime pandemic period have a positive effect on esports market revenue?

03

Has the pandemic had the same or varied impact on the different types of esports stakeholders, based upon their activities, legal status, or size?

x x x x x
x x x x x
x x x x x
x x x x x

Focus on France



France constitutes a fertile ground for esports analysis due to its dynamic domestic esports industry.

Some of the **biggest global video game publishers and console providers** headquartered or have branch offices in France, (e.g., Ubisoft, Riot Games, Electronic Arts, Activision Blizzard, Microsoft Xbox, and Sony PlayStation).

Plethora of **French esports organizations** (e.g., Vitality, Karmin Corp., LDLC OL), **tournaments organizers** (e.g., Webedia, Gozulting), as well as a **well-developed non-profit esports ecosystem** (e.g., Futurolan, Lyon Esport, 3 Hit Combo) reside in France for more than twenty years.

Local **public authorities and the French government have supported esports** legislative, economic, and social development since the 2016 law for a Digital Republic (Vansyngel et al., 2016).

As a result, **France is now one of the major esports markets** of Europe, alongside Great Britain, Germany, Sweden and Denmark.



04

METHODOLOGY & DATA COLLECTION

Data Collection

- Targeted Online Quantitative Survey
- Purposive Sampling Method
- Email & Social Media Dissemination
- French Esports Stakeholders
- Targeted follow-ups by snowball-sampling techniques
- **Over Two Time Periods:**
 - March 30 to May 5, 2020
 - January 19 to February 2, 2021

Data Analysis

- Flat & Cross Sorting
- Descriptive Statistics

10-Question Survey

- Estimated revenue losses & gains
- Organizational adaptations
- Governmental support measures

Demographic Questions

- Legal status
- Full-Time Equivalent positions (FTE)
- Esports related business activity





05

MAIN FINDINGS & DISCUSSION OF RESULTS





Sample Demographics

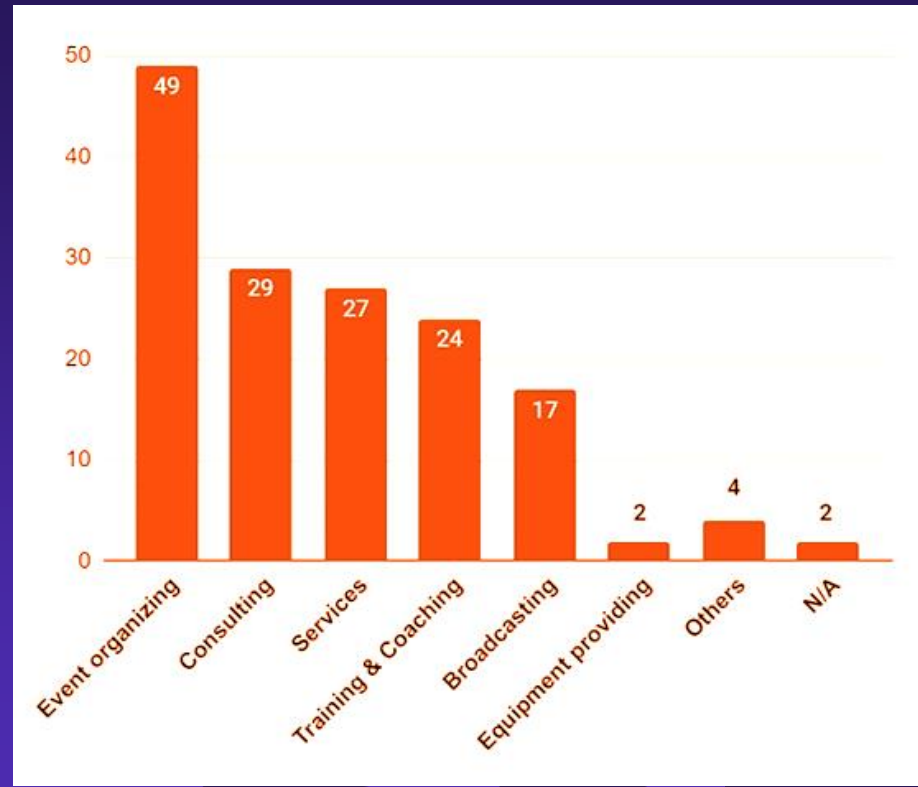
101 questionnaires were collected:

- 72 in the first period (03/30 to 05/05/20)
- 29 in the second (01/19 to 02/02/21)

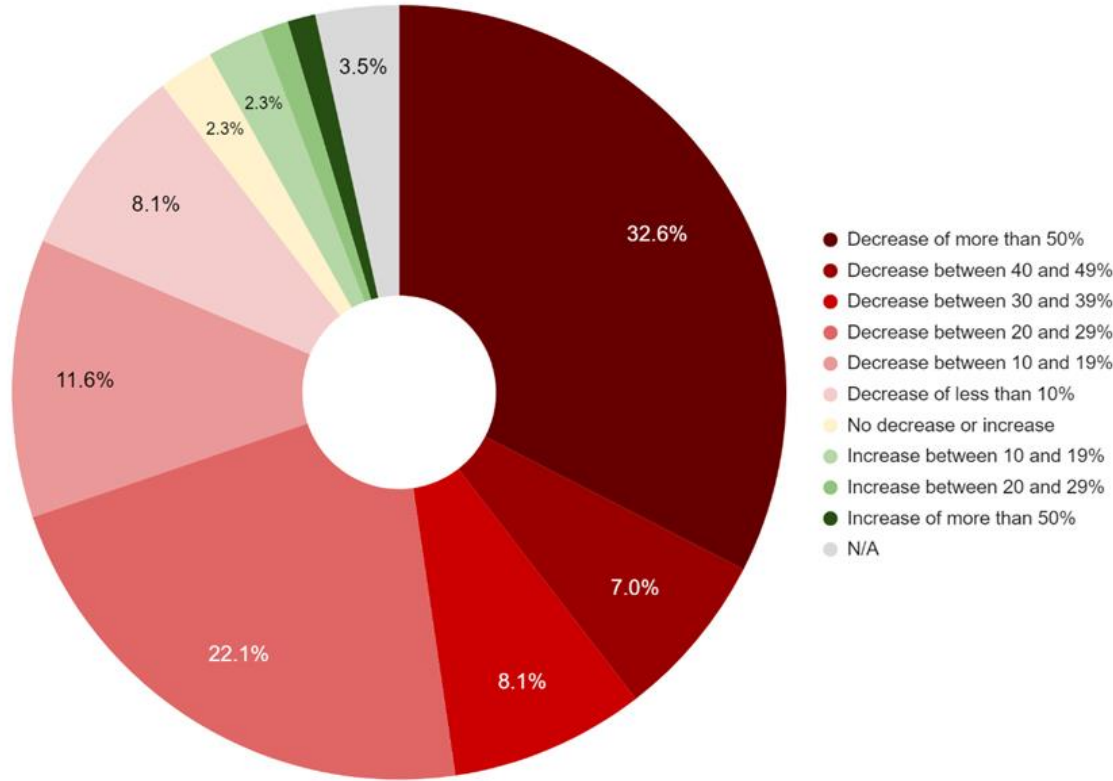
Fifteen responses were discarded due to duplication. Thus, **86 total responses were utilized for data analysis.**

- **Private** Companies (59.3%; n = 51)
- **Non-profit** Organizations (24.4%; n = 21)
- Self-employed **Individuals** (15.1%; n = 13)

Respondents' Main Esports Activities (n=86)



Health Crisis Impact



Estimated percentage Loss or Gain in Revenues per respondent

The **majority** (89.5%; n = 77) reported that the **health crisis had a negative impact on their income.**

Strikingly, nearly **one third** of respondents (32.6%; n = 28) estimated **their losses to be more than 50% of their typical pre-pandemic revenues.**

Conversely, **only 4.7%** (n = 4) reported that the pandemic **positively** impacted revenues.

	Number of Respondents	%	Minimum Amount	Maximum Amount
Loss of more than 1M€	2	2.3%	-2 000 000 €	-2 000 000 €
Loss of 500K to 1M€	1	1.2%	- 500 000 €	-1 000 000 €
Loss of 200K to 500K€	14	16.3%	-2 800 000 €	-7 000 000 €
Loss of 100K to 200K€	8	9.3%	- 800 000 €	-1 600 000 €
Loss of 50K to 100K€	7	8.1%	- 350 000 €	- 700 000 €
Loss of 40K to 50K€	4	4.7%	- 160 000 €	- 200 000 €
Loss of 30K to 40K€	6	7.0%	- 180 000 €	- 240 000 €
Loss of 20K to 30K€	3	3.5%	- 60 000 €	- 90 000 €
Loss of 10K to 20K€	10	11.6%	- 100 000 €	- 200 000 €
Loss of less than 10K€	21	24.4%	0 €	- 210 000 €
TOTAL LOSSES	76	88.4%	-6 950 000 €	-13 240 000 €

Estimated amount of lost or gained revenue per respondent

No loss or gain	2	2.3%	0 €	0 €
Gain of less than 10K€	2	2.3%	0 €	20 000 €
Gain of 10K to 20K€	1	1.2%	10 000 €	20 000 €
Gain of 20K to 30K€	0	0.0%	0 €	0 €
Gain of 30K to 40K€	0	0.0%	0 €	0 €
Gain of 40K to 50K€	0	0.0%	0 €	0 €
Gain of 50K to 100K€	0	0.0%	0 €	0 €
Gain of 100K to 200K€	1	1.2%	100 000 €	200 000 €
Gain of 200K to 500K€	0	0.0%	0 €	0 €
Gain from 500K to 1M€	0	0.0%	0 €	0 €
Gain of more than 1M€	0	0.0%	0 €	0 €
TOTAL GAINS	4	4.7%	110 000 €	240 000 €
<i>Prefer not to Answer</i>	4	4.7%	0 €	0 €
GLOBAL	86	100.0%	-6 710 000 €	-13 130 000 €

When aggregated, the overall impact of the health crisis is between:

6.71M€

(minimum losses + maximum gains)

13.13M€

(maximum losses + minimum gains)

It represents an estimated **loss of 13.4% to 26.3% in revenue of the French esports market** (estimated between 47.5 and 53.3M€ in 2019)

Estimated percentage of lost revenue for each respondent based on the number of FTEs (Full Time Employees).

	NUMBER OF FULL-TIME EQUIVALENT (FTE) POSITIONS											TOTAL	%	
	0	1-5	6-10	TOTAL	%	11-20	21-50	50+	TOTAL	%	Prefer not to Answer			
Decrease of more than 50%	12	8	5	25	89.3%	2			2	7.1%	1	28	32.6%	89.6 %
Decrease between 40 and 49%	2	2	2	6	100.0%				0	0.0%		6	7.0%	
Decrease between 30 and 39%	1	4		5	71.4%		1		1	14.3%	1	7	8.1%	
Decrease between 20 and 29%	4	6	2	12	63.2%	3	2		5	26.3%	2	19	22.1%	
Decrease between 10 and 19%	4	3	1	8	80.0%	2			2	20.0%		10	11.6%	
Decrease of less than 10%	3	1	1	5	71.4%	1	1		2	28.6%		7	8.1%	
No decrease or increase				0	0.0%		1	1	2	100.0%		2	2.3%	2.3 %
Increase of less than 10%				0	0.0%				0	0.0%		0	0	4.7 %
Increase between 10 and 19%	1			1	50.0%	1			1	50.0%		2	2.3%	
Increase between 20 and 29%				0	0.0%				0	0.0%	1	1	1.2%	
Increase between 30 and 39%				0	0.0%				0	0.0%		0	0.0%	
Increase between 40 and 49%				0	0.0%				0	0.0%		0	0.0%	
Increase of more than 50%	1			1	100.0%				0	0.0%		1	1.2%	
<i>Prefer not to answer</i>	1	1		2	66.7%		1		1	33.3%		3	3.5%	3.5 %
TOTAL	29	25	11	65	75.6%	9	6	1	16	18.6%	5	86	100.0%	100 %
	MICRO-COMPANIES					SMALL & MEDIUM COMPANIES (SMC)								

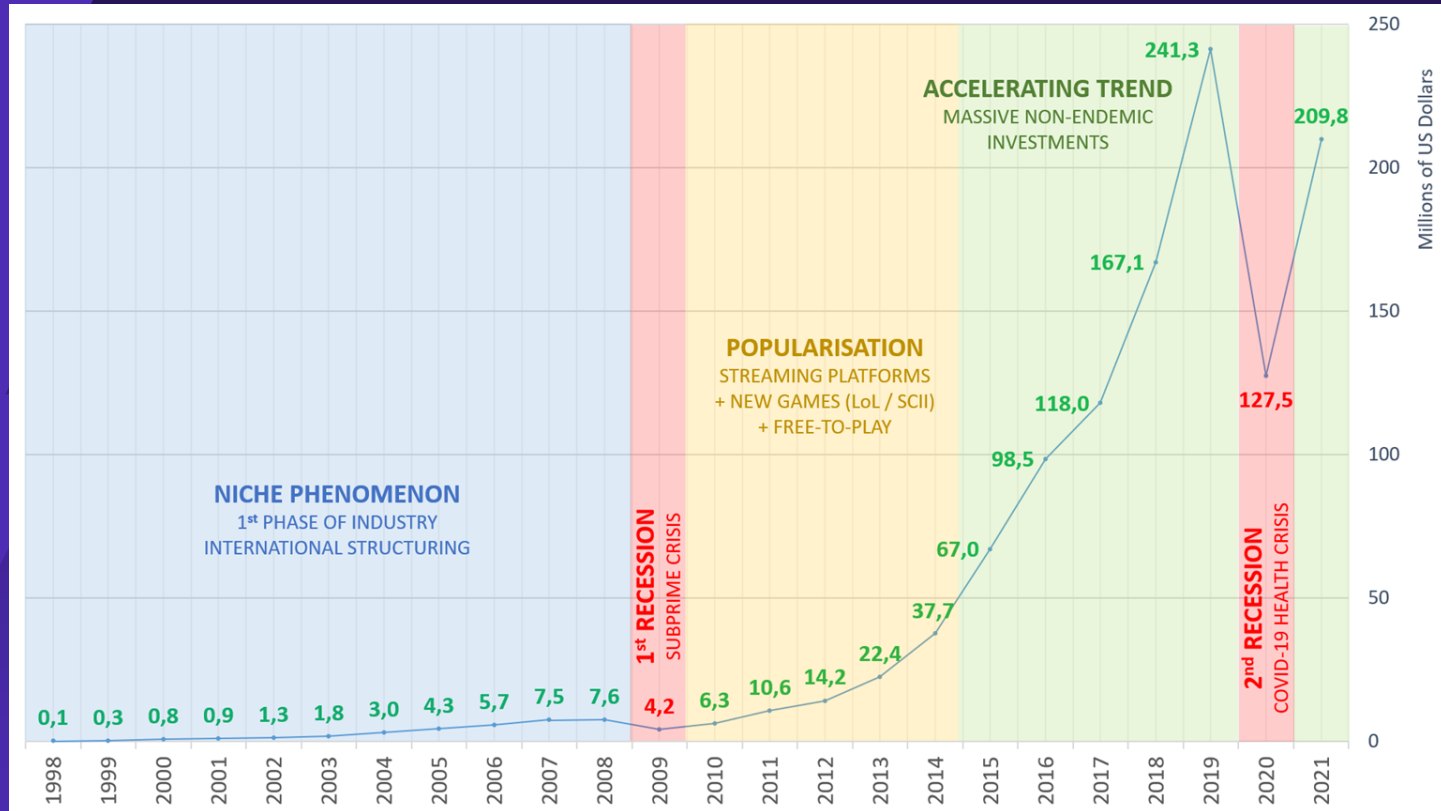
Small and medium-sized companies (FTE > 10) are proportionally more likely to estimate their losses at between 0 and 29% of their turnover.

Non-profit organizations, and micro-companies (FTE < 10) are proportionally more likely to have estimated their losses at over 40%.



The most impacted sampled French esports stakeholders by the pandemic were micro-companies and non-profit organizations with an FTE less than 10.

Total Prize Money distributed in Esports Per Year between 1998 and 2021 (Esports Earnings, 2022)



- Pandemic's impact on Esports Events **Total Cash Prizes**
- Less Impact on Pro-players who were Under Contract
- Major blow to majority of Semi-Pro & Amateur Players:
 - Do not have regular income + Highly dependent on Tournament EARNINGS

Discussion

Our study's results confirm, to an extent the **results observed in Spain where esports industry losses were estimated at 23%**, or more than 8 million euros, for 2020.

(2020 Spanish Esports Industry estimated at 27 million euros)

Results also correspond with NewZoo (October 2020 Update): First time since the banking and financial crisis of 2008, **the global esports market experienced an economic regression.**

(minus 1.1% in 2020 compared to 2019)



Limitations

01

Publishers' esports revenues not Collected (difficulty distinguishing esports from gaming revenues)

02

Survey data was self-reported by respondents

03

Study's sample may not be considered representative



06

CONCLUSION





Contrary to appearances, the organization of **exclusively online competitions**, although particularly beneficial for the visibility of the esports sector, **does not appear to be a sustainable solution**.

Indeed, the transfer of physical events to online competitions has highlighted the **precariousness of the economic models of exclusively online events**.

While esports has been able to take advantage of its inherent digital nature through offering online content, **paradoxically the industry in France still suffered from the economic and social crisis** that the pandemic created.



Main Source

Book Chapter “in Press”

Besombes, N. & Jenny, S. (in press). **Paradoxical Effects of the Health Crisis within the Esports Industry: How French Esports Organizations Illuminate the Perceived Revenue Growth Façade**. In Andrews, D., Thorpe, H. & Newman, J. (eds.), *Sport and Physical Culture in Global Pandemic Times: COVID Assemblages*, Palgrave.

References

Asociación Española de Videojuegos. (2020, May). *Anuario 2020 de la industria del videojuego en España*. http://www.aevi.org.es/web/wp-content/uploads/2021/04/AEVI_Anuario_2020.pdf

Brambilla Hall, S. P. L. (2020, May 15). *COVID-19 is taking gaming and esports to the next level*. <https://www.weforum.org/agenda/2020/05/covid-19-taking-gaming-and-esports-next-level>

Dealessandri, M. (2021). *2020 sees record US games spending at \$56.9bn: US annual report*. Gamer Network Limited. <https://www.gamesindustry.biz/articles/2021-01-15-2020-sees-record-us-games-spending-at-usd56-9bn-us-annual-report>

Direction générale de la migration et des affaires intérieures. (2020, mai). *Communication de la Commission au Parlement Européen, au Conseil Européen et au Conseil concernant la deuxième évaluation de l'application de la restriction temporaire des déplacements non essentiels vers l'UE*. [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2020\)222&lang=fr](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2020)222&lang=fr)

Gounel, D. (2020, March 26). *Coronavirus : L'e-sport, le grand gagnant de cette crise*. <https://www.midilibre.fr/2020/03/25/coronavirus-le-sport-le-grand-gagnant-de-cette-crise.8819005.php>

Europe 1. (2020, July 07). *La rétro sport - L'E-Sport, grand gagnant du confinement*. <https://www.europe1.fr/emissions/Le-journal-des-sports/la-retro-sport-le-sport-grand-gagnant-du-confinement-3979665>

Geyser, W. (2021, July 14). *The incredible growth of eSports [+eSports statistics]*. Influencer Marketing Hub. <https://influencermarketinghub.com/esports-stats>

Newzoo 2020 Global Esports Market Report (2020, October 07). *COVID-19 Continues to Impact the Esports Market: Newzoo Revises Its Esports Revenue Forecast*. <https://newzoo.com/insights/articles/covid-19-continues-to-impact-the-esports-market-newzoo-revises-its-esports-revenue-forecast>

Thanks!

Do you have any questions?

Nicolas BESOMBES, PhD

Université Paris Cité
Institut des Sciences du Sport Santé de Paris
nicolas.besombes@gmail.com

Seth E. JENNY, PhD

Slippery Rock University of Pennsylvania
Department of Exercise Science and Athletic Training
dr.sethjenny@gmail.com

