THE EXPLOSIVE GROWTH OF ESPORTS
AND WHY IT MATTERS TO EVERYONE

CASUAL GAMES SECTOR REPORT 2016
THE EXPLOSIVE GROWTH OF ESPORTS

Rapid Growth in Revenues & Audience Continues

Global Esports Audience Growth 2014-2019

Key Facts
- The global esports audience was 226 million and the number of Esports Enthusiasts reached 115 million in 2015, a YoY growth of 27.7%.

- Global revenues in 2015 reached $325 million, a growth rate of 67.4%. North America accounted for $121 million of this.

- In 2019, esports revenues will have surpassed $1 billion and the audience will have grown to 435 million worldwide.

- Trends behind esports are redefining the DNA of future successful games and provide new opportunities for game companies big and small.

Source: Newzoo 2016 Global Esports Market Report
The combination of increasingly sophisticated and immersive gaming experiences, streaming technologies and social media platforms is transforming the video games industry. The personal gaming experience is being supplemented or even replaced by a community experience, and moving from personal entertainment to spectator sport.

This shift in consumer behavior is creating new and exciting opportunities all along the gaming value chain, from the way games are developed and commercialized to enabling gamers themselves to monetize content streamed via their own channels and to their own audiences.

These underlying trends that are driving the growth of esports are redefining the DNA of games and digital media as a whole and accelerating the disruption of traditional media.

**Esports Trends Are Redefining The DNA of Games**

**Six Trends Behind Esports Growth**

**BUSINESS**
1. Games as a service
2. Cross-screen entertainment

**TECHNOLOGY**
3. Creator & live streaming tools
4. Video platforms & communities

**CONSUMER**
5. Creation & Involvement
6. Consumers entertain consumers

The coming year will see the Esports Economy grow to $463 million, a year-on-year growth of 43%. North America will strengthen its lead in terms of revenues with an anticipated $175 million generated in 2016. China and Korea together will represent 23% of global esports revenues, totaling $106 million in 2016.

The market will continue to experience rapid growth, crossing the $1 billion mark in 2016.
Comparing esports and traditional sports makes sense to a certain extent. As the Esports Economy matures, draws more advertisers and increases its merchandise and ticketing revenues directly from consumers, the average annual revenue per fan will continue to rise toward that of traditional sports.

This coming year, we anticipate $3.5 per fan, still almost five times lower than that of basketball ($15 per year) but up from $2.2 in 2014. Using a conservative scenario, we estimate the annual average spend per esports fan will reach around $6.0 by 2019.

38%  
Of global revenues in 2016 come from North America with 23% from China & South Korea.

44%  
Of the esports audience in 2016 comes from APAC.

The average annual revenue per fan of the NBA is $20.

The average annual revenue per fan of basketball is $15.
Events at the Heart of the Esports

Number of Major Events & Ticket Revenues | Per Region | 2015

There were 112 major esports events in 2015 and they generated an estimated $20.6 million in ticket revenues. In terms of the number of events, North America dominated by hosting 37% of all events. This amounted to 42 events throughout 2015. Western Europe followed, hosting 18% of all events. MLG, ESL and Blizzard were the organizers behind the majority of North American events. Dota 2 and CS:GO are the most played games at tournaments.

Once again, the biggest prize pool belongs to The International, which topped $18.4 million, with just $1.6 million coming from Valve. The Frankfurt Major, also Valve’s event, awarded Europe’s largest prize pool: $3 million.


Source: Newzoo 2016 Global Esports Market Report
Reaching a Valuable Audience

50% Of Enthusiasts have a high income vs. 34% of the total online population

62% of Enthusiasts participate in team sports vs. 47% of Occasional Viewers

65% of Enthusiasts participate have a full-time job vs. 48% of the total online population

Esports entertains a young and desirable demographic with males aged 21-35 representing 38% of the Enthusiast audience. The majority of the audience has a full-time job and a higher average income.

This group is also more likely to be spending big on mobile games with 8% of Enthusiasts classed as big spenders. Proof that the esports is a trend relevant to all segments of the games industry.

Source: Newzoo 2016 Global Esports Market Report

Source: Newzoo Consumer Insights
Mobile Esports: China Leads Surge

China boasts both the largest esport audience and the largest mobile games market in the world. Perhaps unsurprisingly then, it has become a leader in the mobile esports or competitive gaming scene.

Chinese game companies launched more than 30 competitive mobile titles last year and in December 2015, 24% of top 100 grossing mobile games on Chinese Android stores were esports games. Many mobile esports tournaments were organized throughout the year with millions participating both on and offline, making mobile esports the most discussed topic in Chinese game industry last year. The highest prize money so far was recorded as 1 million RMB ($150k) for the national champion of Tencent’s League of Kings.

Top Android Esports Titles in China by Downloads | Dec 2015

<table>
<thead>
<tr>
<th>Game Titles</th>
<th>Genre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Happy Lord</td>
<td>Cards</td>
</tr>
<tr>
<td>GunZ Dash</td>
<td>Casual (Parkour)</td>
</tr>
<tr>
<td>League Of Kings</td>
<td>MOBA</td>
</tr>
<tr>
<td>Speed Up</td>
<td>Casual (Parkour)</td>
</tr>
<tr>
<td>Wefire</td>
<td>FPS</td>
</tr>
<tr>
<td>Quan Min Chao Shen</td>
<td>MOBA</td>
</tr>
<tr>
<td>Thunder Fighter</td>
<td>FPS</td>
</tr>
<tr>
<td>Tian Tian Xuan Dou</td>
<td>Action</td>
</tr>
<tr>
<td>We Shoot</td>
<td>FPS</td>
</tr>
<tr>
<td>King of Fight</td>
<td>Action</td>
</tr>
<tr>
<td>Long Craft</td>
<td>Action</td>
</tr>
<tr>
<td>You Long Ying Xiong</td>
<td>Action</td>
</tr>
</tbody>
</table>

League of Kings holds #1 on Android’s Top Grossing Ranking.

1.3 million
Viewers of the final of Netease’s Fantasy Westward Journey 2 tournament.

Mobile Esports Games by Publisher | Android | Dec 2015

Tencent is the dominant esports publisher

24% of Top 100 Grossing mobile games on Android in Dec 2015 were esports titles
ABOUT THE CASUAL GAMES ASSOCIATION

When it comes to the health of your business, the more things that work together, the better. Which is why the Casual Games Association is a critical portion of the success of your company and the industry as a whole. It means that you and your team have access to cutting edge educational resources and are connected to thousands of other game industry professionals, members of the press and service providers around the globe.

Learn more at http://www.cga.global

See you in Singapore

Please join us for the fifth annual Casual Connect Asia. T

Singapore is the hub for the largest growing sector of the games industry. Great speakers, interesting and professional industry insiders, and of course, signature evening events.

http://asia.casualconnect.org

For press inquiries, please email jessica@casualgamesassociation.org

Learn more about the games industry with the best speakers, networking, lectures and data to help you succeed in a crowded market at:

Casual Connect Asia in Singapore 17-19 May 2016
Casual Connect USA in San Francisco 18-20 July 2016
Casual Connect Tel-Aviv November 2016
Casual Connect Europe in Berlin February 2017

Casual Connect Asia in Singapore
May 17-19, 2019

About Newzoo

Newzoo is an innovative global market research and predictive analytics firm with a primary focus on games. Newzoo provides its clients with a mix of market trends, financial analysis, revenue projections, consumer insights, data modelling solutions and predictive analytics services across all continents, screens and business models and works for the majority of top 25 public companies by game revenue.