

# Esports & Media Convergence

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# Sports Business Models

## Under pressure: overview of pressure drivers

### Pay TV

Cord-cutting, changing viewing habits, sports rights funding all exerting pressure. Content owners moving to direct-to-consumer models are reallocating resources to this transition, rationalizing legacy (e.g., ESPN and NBCU)

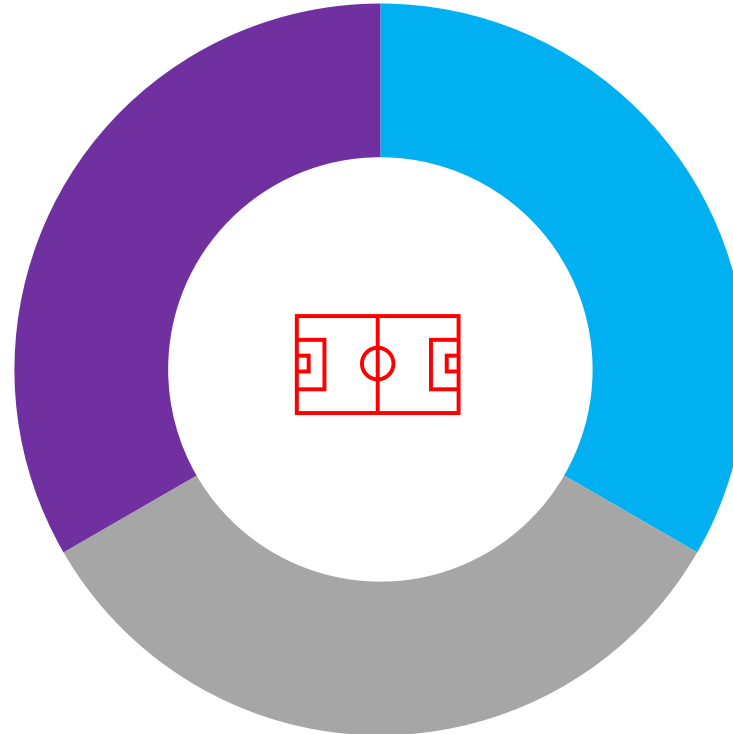
### Advertising

Revenues significantly down in H1 2020 though sports remain a unique way to reach audiences for advertisers. Revenues slightly recovered in H2 2020 though sports ratings continue to be down – ESPN advertising bounced back in Q4

### Public

Public funding models are under pressure due to the impact of the direct-to-consumer transition. Delphine Ernotte, CEO of France Televisions and EBU president said to the FT in January 2021: “We feel weak. But it is better to feel weak. If you feel weak, you react”

COVID-19



Sources: IABM, FT

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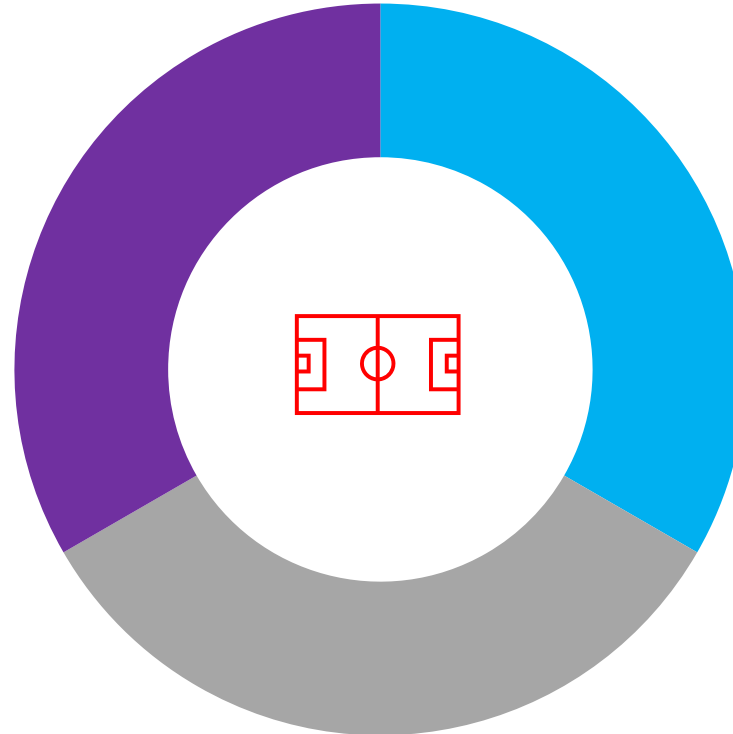
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Direct-to-Consumer

Financial Pressure

Changing Viewing Habits

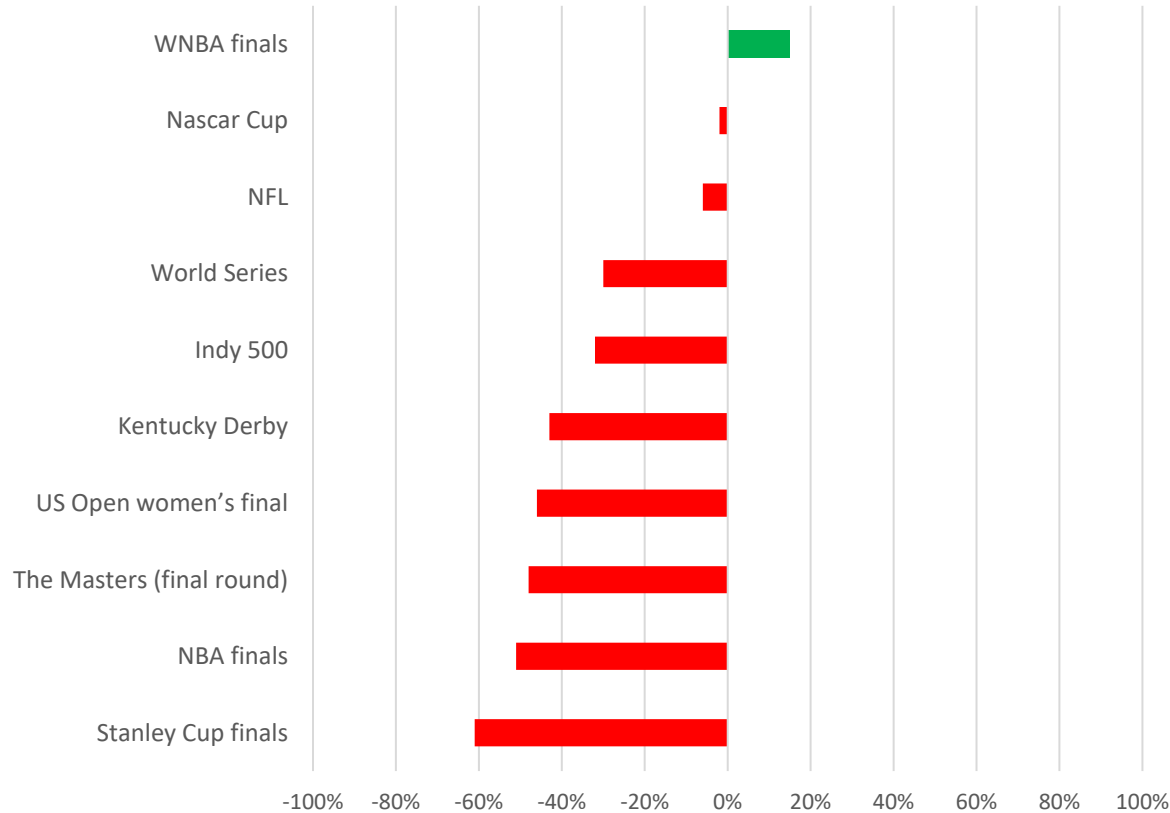
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# Sports Viewing Habits

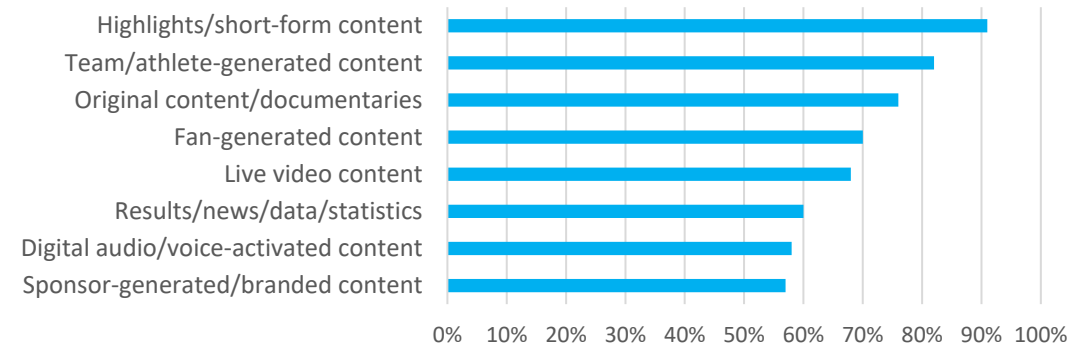
## Changing Viewers: generational shift



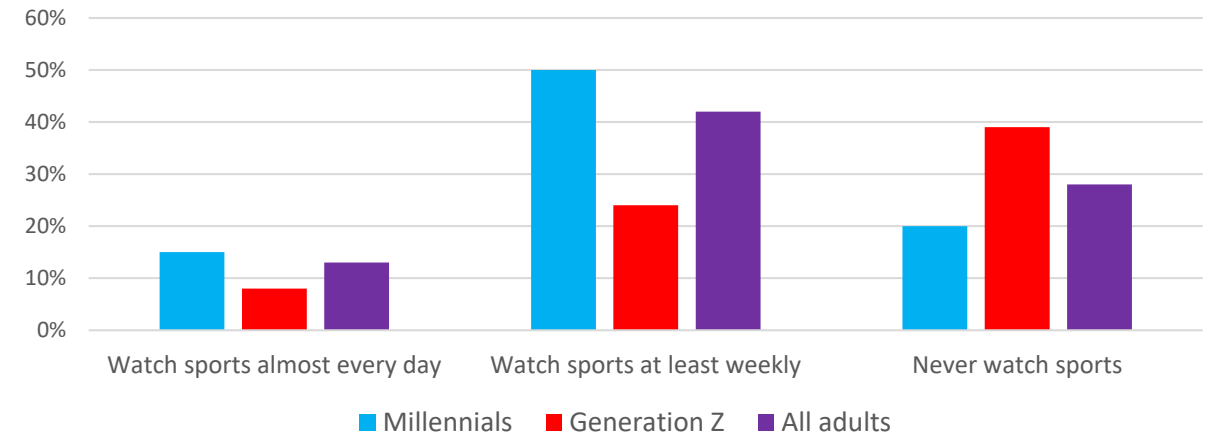
TV ratings for major US sports  
(% difference between 2020 and 2019)



Expected growth of sports media consumption



Frequency of watching live sports in the US by generation



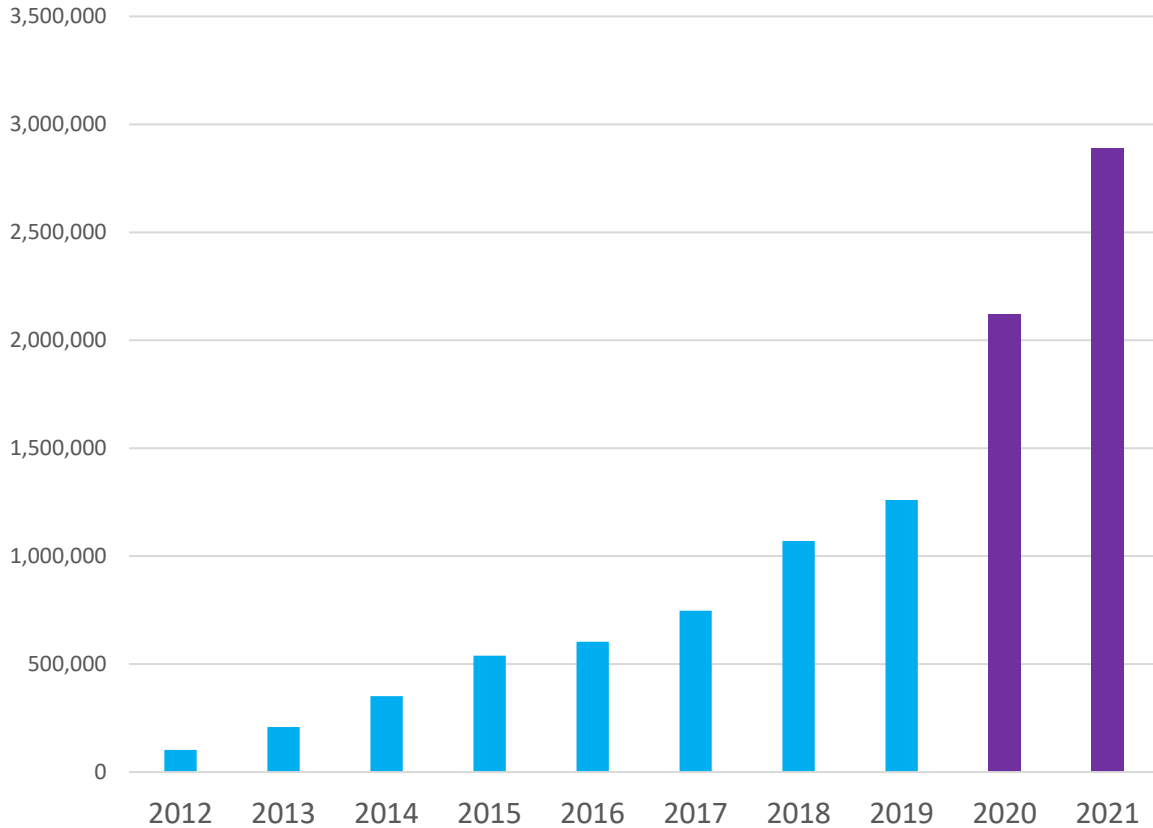
Sources: IABM, Sports Media Watch, Morning Consult

# Sports Viewing Habits

## Changing Viewers: new platforms



Average concurrent Twitch viewers (in thousands)



Sources: IABM, Twitch Tracker

Social, interactivity, convergence...

More sports broadcasters delivering content packages to Twitch and social media platforms

More sports broadcasters designing interactive experiences, **59%** plan to increase investment in Consume

Social and interactivity are also driving a convergence in business models

# Sports Business Models

## Convergence: social and interactivity driving convergence (and differentiation)



FuboTV acquires Vigtory in January 2021

*"We believe **online sports wagering** is a highly **complementary business to** our sports-first live TV **streaming** platform. We do not see wagering as simply an add-on product to FuboTV. Instead, we believe there is a real **flywheel opportunity with streaming video content and interactivity**. We not only expect sports wagering to become a new line of business and source of revenue, but we also expect that it **will increase user engagement on FuboTV resulting in higher ad monetization, better subscriber retention** and reduced subscriber acquisition costs."*

David Gandler  
Co-founder and CEO  
FuboTV  
(January 2021)

Sinclair presenting at Media, Internet & Telco Conference

*"We are going to be jointly [with Bally Sports] developing additional programming, which is going to go on our air, which will support and be reasons not only for people to tune in but **also to engage more on the sports betting platforms**. The other thing that we'll work on is a **watch-and-play experience**. So that's not ready yet, but that is on the drawing board between us and Bally to create a next-generation watch-and-play experience that is going to revolutionize the **way people watch sports today** and really **make it much more like playing a video game**."*

Christopher S. Ripley  
President and CEO  
Sinclair Broadcast Group  
(March 2021)

And Fox Bet...



Sources: IABM, FuboTV, Sinclair Broadcast Group, Fox

# Sports Business Models

## Convergence: 3 facets of differentiation



### 3 Facets of Differentiation

Live a means to differentiate from crowded D2C on-demand content market

Direct-to-Consumer

Differentiation of revenue streams through convergence for financial transition

Financial Pressure

Differentiation of experiences through convergence for fan engagement

Changing Viewing Habits

*“Diversifying our revenue and cash flow remains a strategic priority, and we believe our 2020 results demonstrate the complementary nature of our radio business with our digital and Esports operation.”*

Barbara Caroline Beasley  
CEO and Director  
Beasley Broadcast Group  
(February 2021)

Sources: IABM

# Esports

Esports: an element of wider convergence in sports

Convergence: all is connected (even tech)

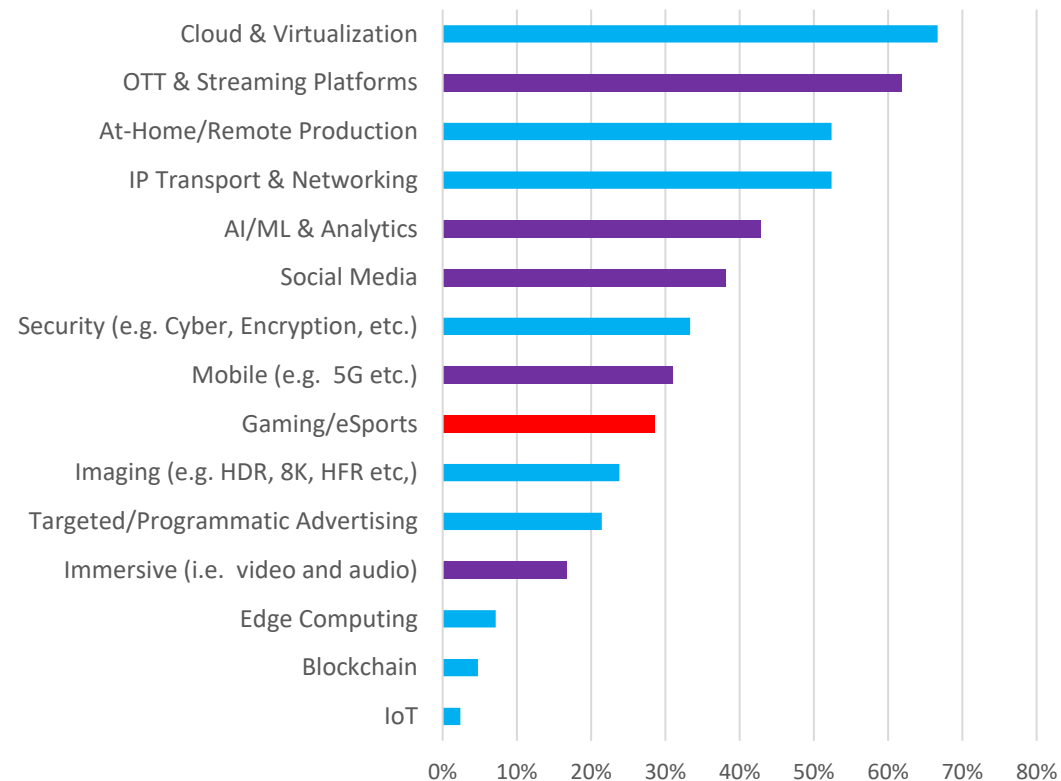
Gaming Interactivity  
Betting Esports Data  
Social Media Fan Engagement  
Immersive

Another example: In Nov. 2020 Entercom acquired the QL Gaming Group  
“a rapidly emerging sports betting data and predictive analytics platform”

Sources: IABM, Word cloud above is only illustrative



## Technology roadmap for Sports Media Companies



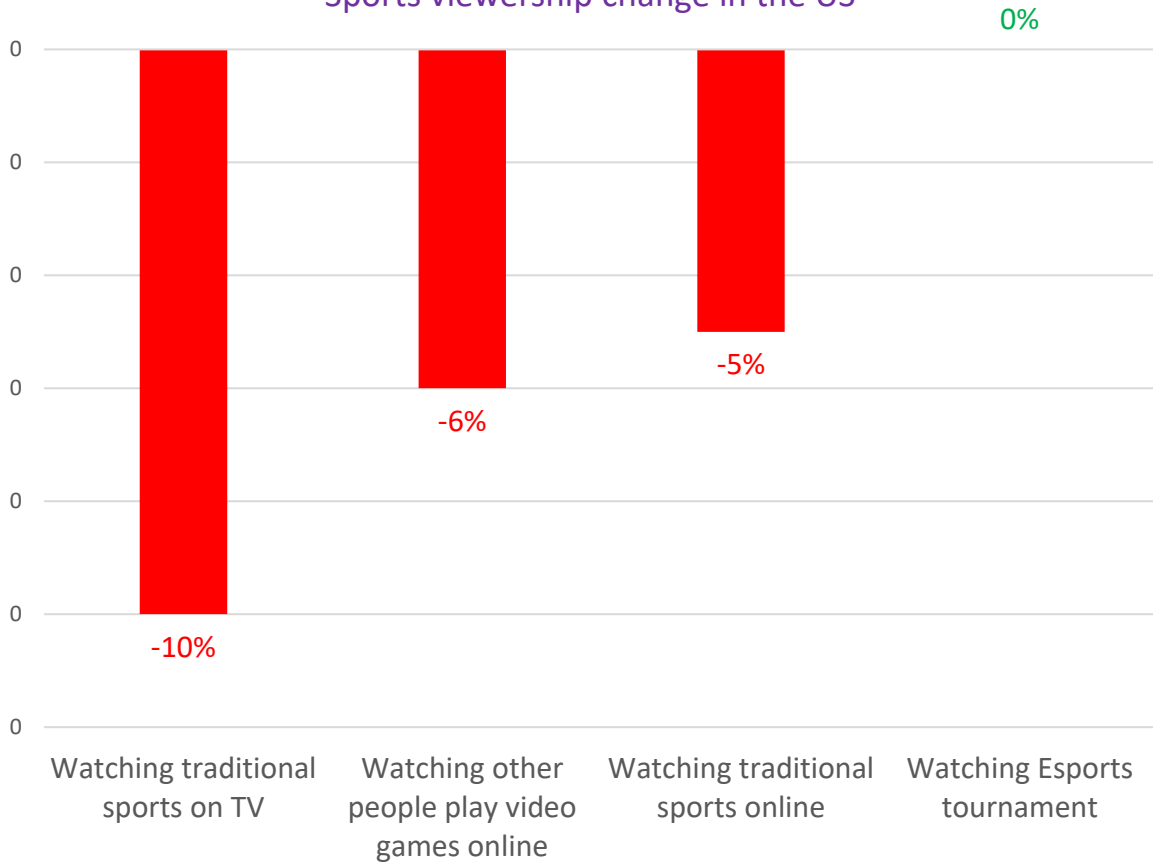


# Esports

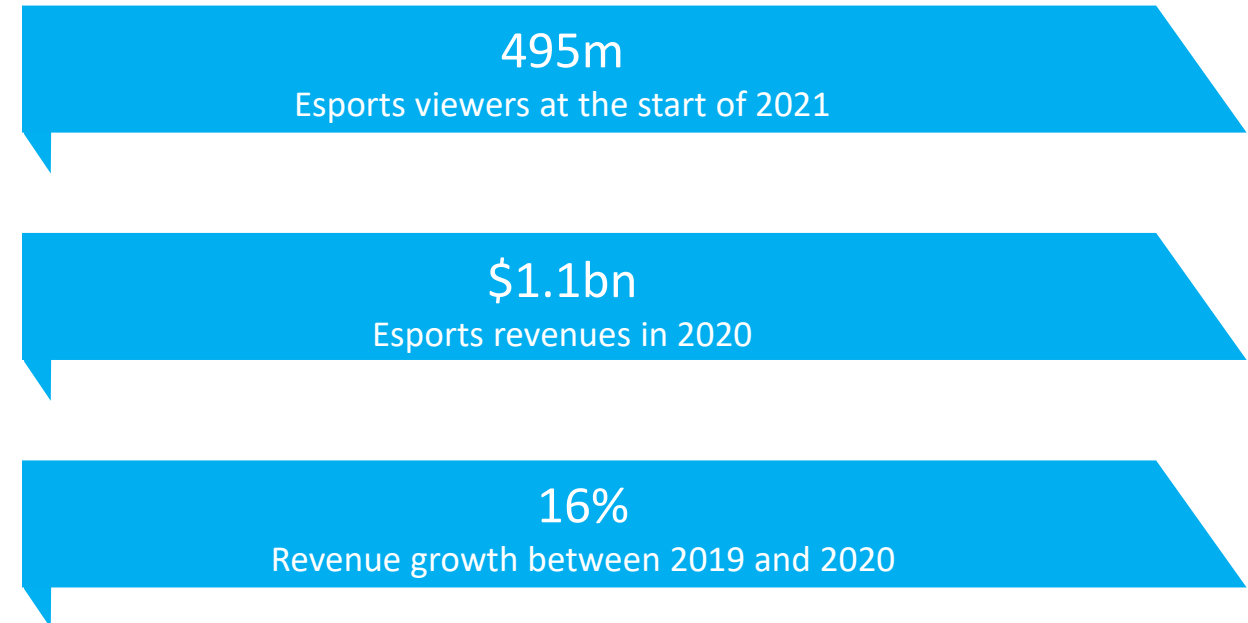
## Esports: growth/resilience stats



Sports viewership change in the US



Esports in Numbers



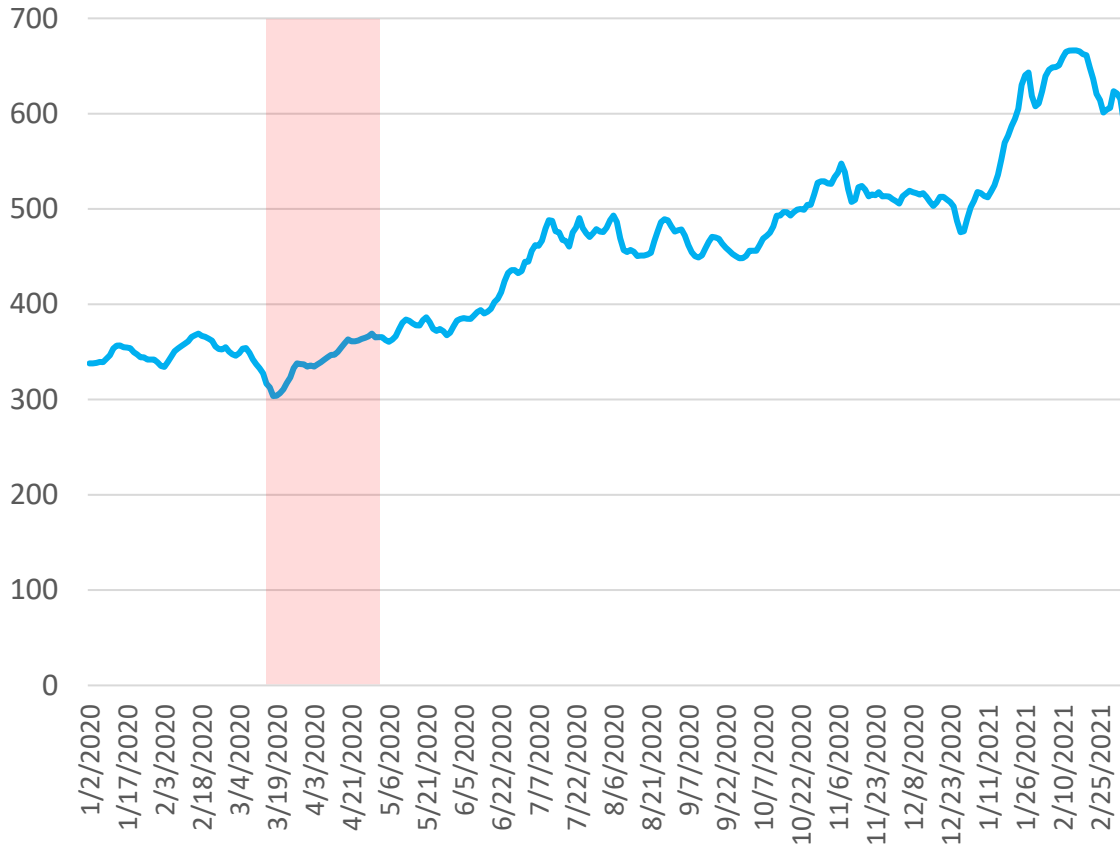
Sources: IABM, Limelight, Newzoo, Syracuse University

# Esports

## Esports: growth/resilience stats & major trends



Esports/Gaming - Weighted Stock Index



Sources: IABM

### Esports – major trends

Esports betting is growing significantly, underscoring the convergence happening in media and entertainment

Some Esports/Gaming organizations are also moving to DTC models as sports broadcasters

Mobile and immersive technologies considered as growth technical growth drivers in the sector

Mobile push: In Feb. 2021 EA acquired Glu Mobile Group “a **global developer and publisher of mobile games**”

# Esports

## Esports: COVID-19 impact on tech demand – cloud & remote



Blizzard moves to cloud-based remote production

“We are **now 100% in the cloud**; there is **no physical infrastructure** whatsoever in terms of switchers or audio consoles. The **only physical hardware is** people’s **computers, cameras, microphones, and a comms panel**.

Other than that, there’s absolutely no physical infrastructure required.”

Pete Emminger  
VP, global broadcast  
Activision Blizzard Esports  
(April 2020)

Riot Games moves to cloud-based remote workflows

“We’ve been leveraging **cloud-based workflows heavily for several years**, but this unfortunate situation certainly accelerated our plans quickly. The big-iron equipment that’s in our data center obviously isn’t very helpful when you can’t bring your people to it. So, we knew we **had to come up with an alternative remote workflow**.”

Scott Adametz  
Esports Technology Group Lead  
Riot Games  
(March 2020)

Sources: IABM, SVG

# Esports

Esports: media tech demand; mapping supply chain convergence



Create



Produce



Manage



Publish



Monetize



Consume



Store



Connect



Support

Three segments join all of the others together

Esports organizations/media companies to continue refining its remote cloud-based workflows

Esports organizations/media companies to focus on cloud-based content access, agnostic platform distribution, mobile experiences, data analytics, CX etc.

Esports organizations/media companies to focus on cloud-based storage, IP connectivity and cloud compute

Sources: IABM

# THANK YOU!!!

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