



Are eSports Winning the Content War

What does Netflix CEO Reed Hastings worry about? Hulu, Amazon, or Disney's streaming service? Netflix is competing for a limited resource: people's leisure time. Unfortunately for Hastings, that competition can come from anywhere. A potential new competitor for that time has burst onto the scene: eSports, or competitive video gaming, is growing quickly. Netflix has taken notice- in a [2017 shareholders' report](#), Netflix noted that it lost more viewers to the game Fortnite than to HBO.



Figure 1: Streamer [Ninja](#) playing Fortnite. Ninja makes an average of \$500,000/month from streaming.

eSports aren't only driving parents of young gamers crazy, the industry is rapidly growing, [expected to generate](#) \$1 billion in revenue in 2019 and \$2 billion by 2021. These numbers are dwarfed by the [\\$43 billion video games market](#), but revenues alone likely understate the industry's appeal. The table below lists some of the most popular games and the player base associated with those games.

The aspect that differentiates eSports from the broader video game market is that eSports have a large audience of viewers in addition to players, similar to real-world sports. Faster broadband speeds and lower latency have made it possible for more people to play, while simultaneously enabling wider audiences to watch in real time.

The eSports [audience](#) is already larger than MLB and NHL audiences combined. [2019 audience estimates](#) include nearly 430 million people, including 215 million "enthusiasts" and 217 million "occasional viewers."

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Name of Game	Developer	Number of Players per Month	Popular in Which Countries?
<i>League of Legends</i>	Riot Games	100 million (2017)	Korea, China, Taiwan
<i>DOTA 2</i>	Valve	10 million (2018)	Russia, US, China, Brazil
<i>Counterstrike: Global Offensive</i>	Valve	12 million (2018)	US, Russia, Germany
<i>Fortnite</i>	Epic Games	250 million (2019)	N/A
<i>StarCraft II, Overwatch, Hearthstone</i>	Blizzard Entertainment	40 million (2018)	South Korea

In the same way that football fans may not play football, eSports fans follow games they don't play. According to a [new study](#), 42% of viewers do not play the games that they watch, and 70% of people follow a major franchise.

Online streaming services give these fans access to round-the-clock footage of their favorite games and players. [Twitch](#), the most popular platform for streaming eSports, averaged 140 million monthly users and had an average concurrent viewership of about 1 million in 2018. By comparison, [Netflix](#) had about 139 million subscribers globally in at the end of 2018.



Figure 2: The [2019 League of Legends World Championship](#) had 99.6 million viewers who watched professional team Invictus win the grand prize.

There's a lot we don't know about eSports, including whether it will be a pressing policy issue. For now, it's growing fast and is largely ignored. The industry touches on many areas policymakers care about: gambling, connectivity (5G development and latency), labor laws, antitrust, and more. [France](#) has passed regulations on contract establishment, visa status, and eSports distribution as part of its digital governance "Numeric Law." [Spain](#) has introduced portions of the French law to establish a legal framework for teams and companies. [Maryland](#) has been considering applying gambling regulations to eSports. Governments at different levels are beginning to regulate, and there may be more to come.

We'll be paying attention to this industry as it continues to transform media and entertainment markets and potentially attracts the interest of policy-makers.

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