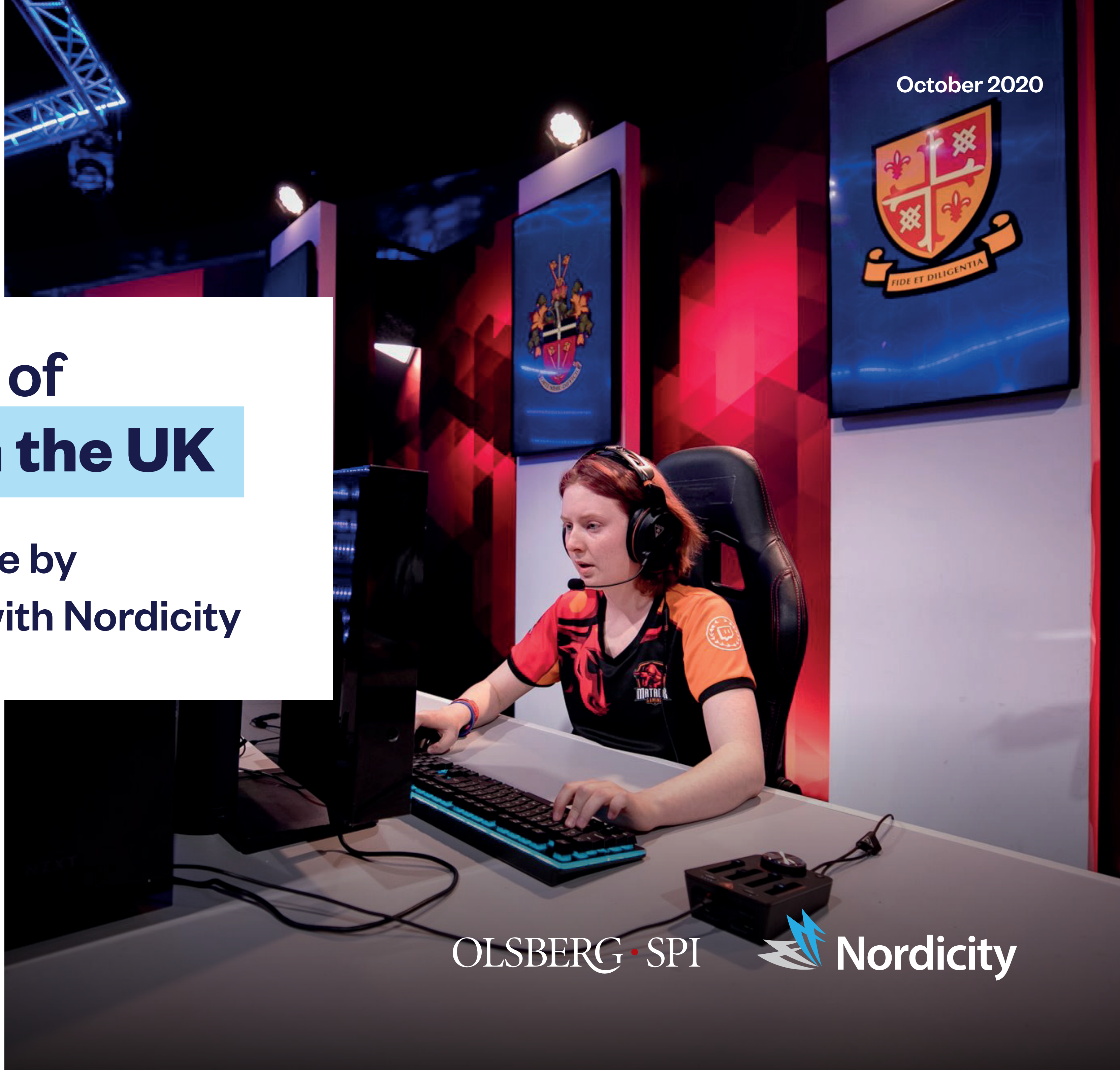
October 2020

The value of esports in the UK

A study for Ukie by Olsberg • SPI with Nordicity



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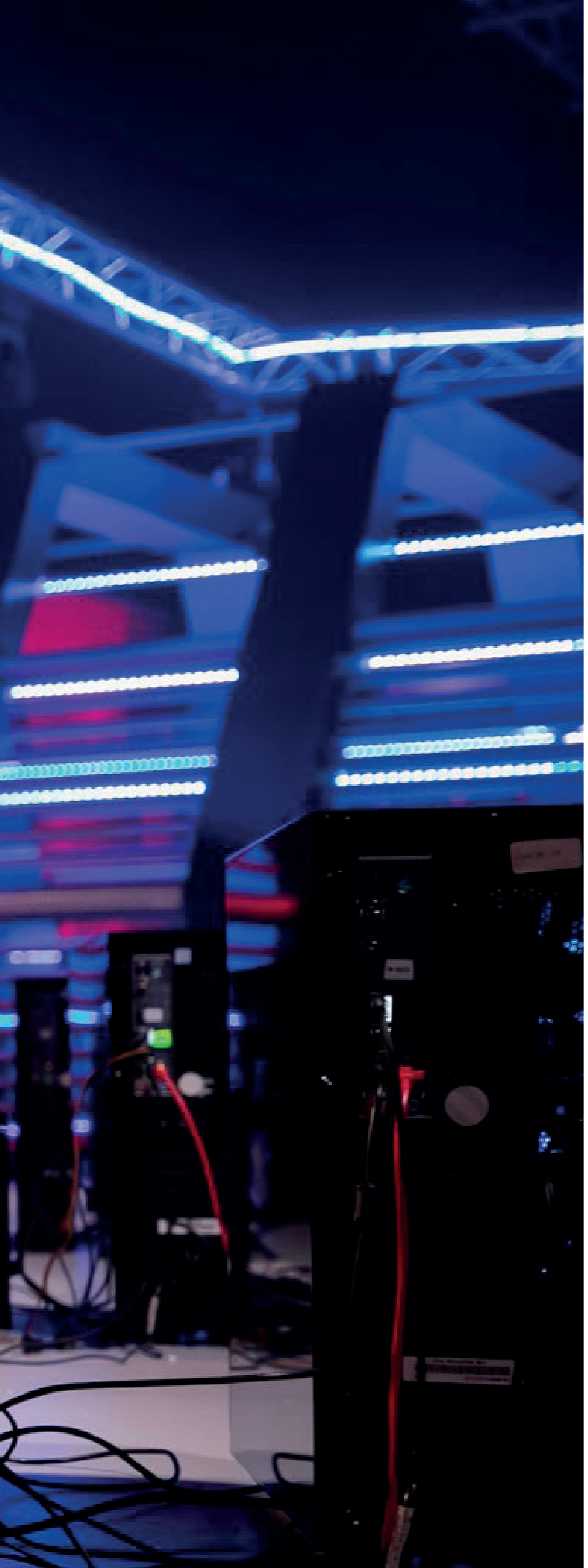

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Foreword

Dr Jo Twist OBE, Ukie CEO

In 1980 Atari ran the Space Invaders Tournament. It attracted over 10,000 participants and was won by Rebecca Heineman. It would have been hard to predict that playing and watching organised and competitive video games – esports – would be the world's fastest growing entertainment sector 40 years on.

But that is what has happened. A global sector at the intersection of technology, creativity, broadcast and entertainment – all areas of real national strength for the UK. This report shows us that the UK has a strong and growing esports industry, but that there is more to do to capture the full potential of this exciting, high-growth sector.

Ukie, in its capacity as the trade body for esports, looks forward to continuing to work with industry and Government to make the UK a global hub for esports.

About Ukie

Ukie is the trade body for the UK games and interactive entertainment industry. With over 480 members, we represent games business of all sizes, from small start-ups to large multinational developers, publishers, service companies, charities and academic institutions, working across PC, console, mobile, online, esports and immersive technologies.

As well as supporting our members by connecting them with one another and promoting their innovative games and services, we keep policy makers informed, ensuring essential support measures are provided by government for games companies and players alike.

About this study

Against the backdrop of opportunity and growth in UK esports, Ukie commissioned Olsberg•SPI with Nordicity to evaluate the scale of the sector in this study.

The study assesses the economic impact of UK esports, and also provides an overview of the sector and its impact on regional economies. It also examines the breadth of businesses active in the sector, and includes a set of recommendations for the future growth of esports.

Olsberg•SPI with Nordicity previously assessed the impact of esports to the UK's economy and its role in the UK's games industry in the 2018 study Screen Business, published by the British Film Institute. Since 2016, the base year for Screen Business, esports has continued to see strong growth in the UK and beyond – as shown by the results of this Study.

Headline findings

- The esports sector has grown at an annual average rate of **8.5%** between 2016 and 2019.
- The sector supported over **1,200 jobs** in 2019.
- The UK esports sector represents just under **8%** of the global market.
- The UK esports sector supported **£111.5 million** in Gross Value Added (GVA) in 2019.
- A major global esports event could generate **238 full-time equivalents** (FTEs) of employment and **£12 million** in GVA for the UK economy.

The global esports phenomenon

Esports is one of the global screen industry's most innovative and fast-growing areas – a vibrant and diverse sector right at the cutting edge of audience engagement and technology. Esports are built on top of the intellectual property of a video game, straddling the creative industries, live events, broadcast media, technology and more.

Esports involves **organised, structured and competitive** playing of video games, often in an online or physical spectator space. There are many different esports that are played, including League of Legends, Counter-Strike, Dota 2, Overwatch, Fortnite, and FIFA.

$1.1 billion Predicted total revenues of esports in 2020 – annual growth of 15.7%

Source: 2020 Global Esports Market Report, Newzoo

495 million Predicted total global esports audience in 2020

Source: 2020 Global Esports Market Report, Newzoo

885 major esports events in 2019, with **$167.4 million** in total prize money

Source: 2020 Global Esports Market Report, Newzoo

The UK esports landscape

The UK is part of the global esports growth story, with UK esports estimated to have grown at an annual average rate of 8.5% between 2016 and 2019.

Esports is an **ecosystem** that spans grassroots and amateur play up to highly-remunerated professionals playing in arenas in front of a significant global viewership.

As outlined by the widening interest in esports during the COVID-19 pandemic, the sector is highly innovative in reaching and engaging audiences – offering social, cultural and economic value.

The latter aligns with an increase in recognition in the economic value of the UK's digital and creative industries. According to Department for Digital, Culture, Media & Sport (DCMS) data, the creative industries contributed **£111.7bn** in GVA to the UK economy in 2018 and grew 7.4% over 2017-2018 compared to a 1.4% rate of growth for the economy as a whole.

Economic value of esports in the UK in 2019

Esports Services

Streaming Platforms

Employment

Direct	404 FTEs
Indirect	487 FTEs
Induced	323 FTEs
Total	**1,214 FTEs**

GVA

Direct	£61.4m
Indirect	£30.0m
Induced	£20.1m
Total	**£111.5m**

Visitor Spillovers

Games Publishers

What is esports?

Why the sector represents such a big opportunity for the UK

Overview

The wider emergence of esports as a global phenomenon has occurred alongside a number of trends and structural changes.

These span the **digitisation of content distribution and business models**, as well as developments in audience viewing habits and methods of engagement, including the ability to livestream gameplay and develop online communities.

As a result, esports tournaments, leagues and events command major global audiences. The 2019 Fortnite World Cup, for example, carried a $30 million prize pool, and took place at New York's Arthur Ashe Stadium. **An estimated 2.3 million viewers watched the final** on Twitch and YouTube.

Esports has rapidly professionalised. While amateur play and engagement remains a major component of the sector, top-level players are **highly-remunerated professionals**. There has been an increase in investor and commercial interest, with major brands such as BMW, Intel, BT and HP undertaking esports partnerships and sponsorships.

Sources: The Fortnite World Cup drew more than 2.3 million concurrent viewers. PCGamer, 31st July 2019 / Esports Arena: Games Done Quick Raises $400K to Aid Coronavirus Efforts. Hollywood Reporter, 22nd April 2020

The esports ecosystem

The UK esports landscape consists of a highly innovative and diverse range of businesses. These include esports teams, tournament operators, venues and content creators. A selection of case studies is outlined in this section.

Fostering a sense of community in the esports sector is important. Creating both online and offline spaces where likeminded fans and/or players can meet, compete and watch events and tournaments has been critical. Branding – both in terms of team identity and through related merchandise – is an integral component of this.

Strategic partnerships are also key. These provide the different organisations with funding opportunities, status, global reach or an avenue to create training or education programmes.

Comparisons with traditional sport

Esports shares some characteristics with traditional sport and its structures.

- **Both are ecosystems** with a basis in organised competitive play – whether for fun between friends or between professional and highly-trained individuals or teams.
- **Some esports and sports share similar models** – such as the franchising of teams and the use of home and away city-based formats by some leagues.
- **Use of sports science and training philosophy** – professional esports teams will have high-end training facilities with consideration given to all areas of performance such as nutrition and sports psychology.
- **Media rights that are increasing in value -** according to Newzoo, in 2020 $822.4 million in revenues, or three quarters of the total market, will come from media rights and sponsorship. This is forecast to increase to $1.2 billion by 2023.
- **But there are differences** – not least the fact that the underlying game around which an esport is played is a commercially-owned product, **unlike most traditional sports.**

Participants in the UK esports sector

The esports sector is composed of a diverse and wide range of participants and businesses. It also impacts a host of support businesses

Core

- Teams
- Games companies
- Events & tournaments
- Players
- Esports streaming services
- Dedicated venues
- Esports employees at games companies and streaming services
- Associations and organisations

Esports Related

- Services, technology & equipment
- Professional services
- Venues
- Media
- Merchandise businesses

Spillover

- Hotels
- Hospitality businesses

Our case studies (P15 -20) show just some examples of the breadth of activity that makes up the UK esports sector.

Teams

Excel

Excel is a British competitive gaming culture brand which has struck a range of branding and commercial partnerships that underline the growing appeal of esports.

Incorporated in 2015, the organisation has seen rapid growth since joining Europe's largest league, the League of Legends European Championship, in 2018. Excel now has 11 players (including four British players) across three teams competing in two esports, and 20 staff.

Fnatic

Fnatic is a global esports entertainment brand that has been fielding successful esports teams since 2004, winning over 200 championships across 30 esports.

Fnatic has teams across the world, most recently setting up the first top tier team in India.

Grassroots

The NUEL

The National University Esports League (NUEL) is the longest-running university tournament organiser in Europe. Set up in 2010, the NUEL underlines the developmental work taking place in esports, the creation of communities and the establishment of pathways into the esports sector.

The NSE

The NSE was established in 2017 to provide a brilliant esports experience to university students across the UK. The NSE works with British Universities & Colleges Sport to provide competition between universities, while also focussing on skills, employability, and community.

Events and tournaments

ESL UK

ESL UK was established in Leicester in 2012. It runs major esports events such as ESL One Birmingham that attract tens of thousands of attendees and millions of viewers online, as well as providing production services to brands.

ESL UK is the lead partner in the Weavr consortium, backed by the Government's Audience of the Future Challenge Fund. The consortium is building a technology platform to revolutionise the viewing experience for both esports and traditional sports.

Gfinity

Gfinity is a London-based esports solutions company that exports services around the globe.

Gfinity opened the UK's first dedicated esports arena in 2015 in partnership with Vue.

Gfinity has operated events ranging from the ePremier League through to F1 Esports Virtual Grand Prix series.

Epic.LAN

Epic.LAN is a traditional UK based Bring Your Own Computer (BYOC) event organiser.

With a history spanning more than a decade, it is a mainstay of the UK's grassroots esports scene.

Epic.LAN's events have grown, and now host hundreds of attendees three times a year. These events boost local economies, with impacts on hotels and restaurants.

Technology and service providers

EGL

Launched in 2009, EGL is a tournament platform operator.

EGL runs tournaments and events on its proprietary online gaming platform egl.tv, and also provides operation management services to clients. EGL is based in London and works globally across Asia, the Middle East and South America.

FACEIT

FACEIT, headquartered in London, has produced some of the UK's biggest esports events and also operates the world's most active competitive platform for online multiplayer games.

FACEIT events have including the $1 million FACEIT London Major, the largest esports event in UK history which sold out the SSE Arena, Wembley and saw over 62 million hours of content watched. Its online platform has more than 18 million users competing in 30 million game sessions each month.

Dedicated venues

Belong

Belong Gaming Arenas is the UK's largest chain of gaming arenas which service grassroots gaming communities.

Belong has a network of 23 arenas across the UK. Each arena has its own community or team of gamers, and each has their own a badge and apparel. These include the Norfolk Nighthawks, Preston Invincibles, Sutton Spectres and Clyde Claymores.

Platform

A venue dedicated to social video gaming and esports, Platform mixes high-quality food and drink with competitive play to bring esports to a wide audience.

With a first venue in London, Platform is growing quickly and expanding to other cities across the UK. It has demonstrated the broad appeal of esports.

Red Bull gaming sphere

The Red Bull Gaming Sphere is a gaming and esports venue in the heart of London, offering the UK community cutting-edge technology, regular meetups and competitive events, and a turn-key venue for publishers, tournament organisers and content creators.

Games companies

Activision Blizzard

Activision Blizzard is one of the world's largest games businesses, with a major presence in the UK. Activision Blizzard runs two major, global esports leagues.

Each of these leagues feature a London-based franchise: the London Ravens and the London Spitfire, respectively. These franchises employ not only professional players, but also significant support staff.

Electronic Arts

Electronic Arts (EA) is a global leader in digital interactive entertainment. As well as delivering the world's most popular sports games in the FIFA and Madden franchises, they are innovating in bringing competitive gaming experiences to new genres and audiences.

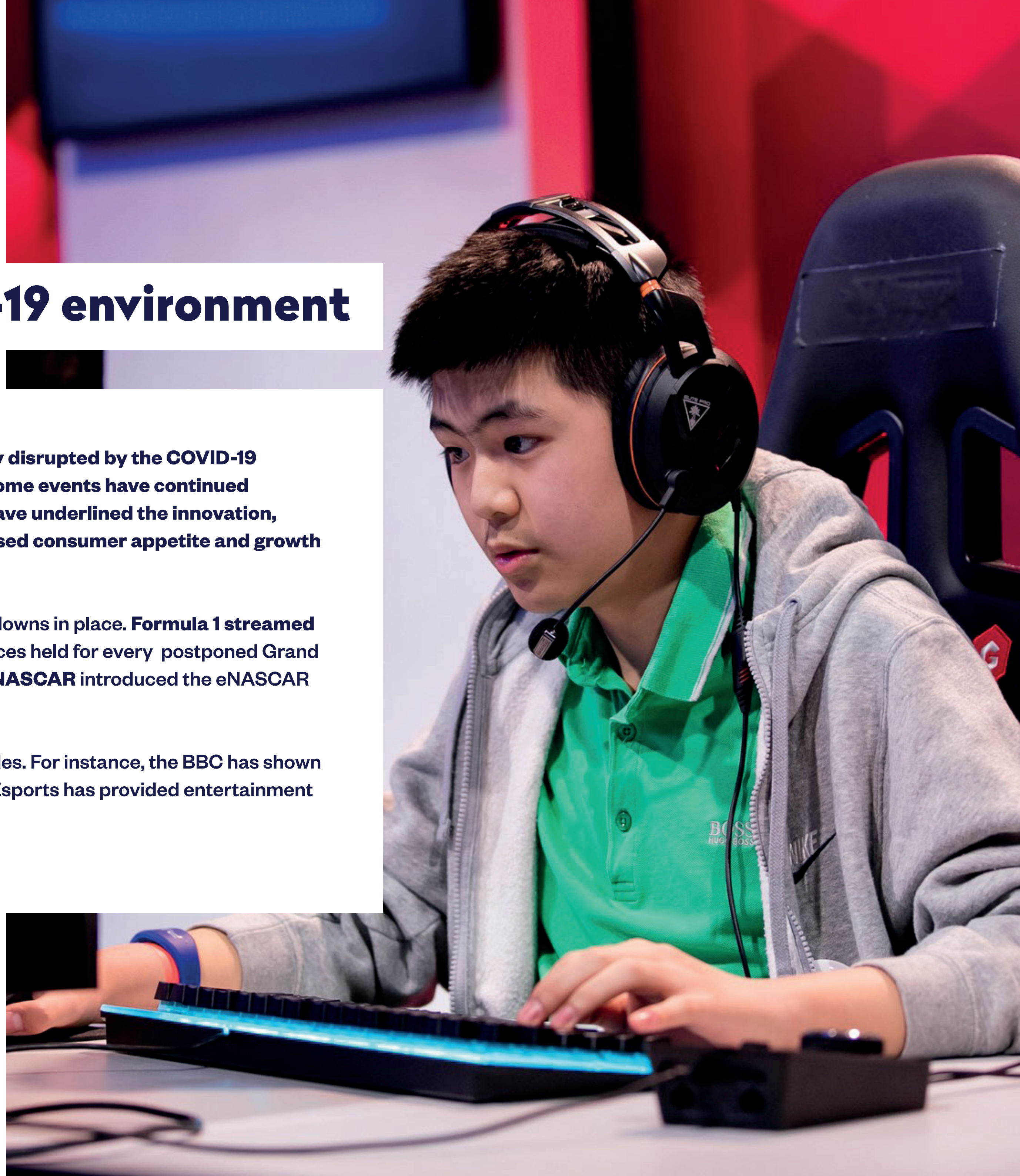
The launch of Sims Spark'd in the summer of 2020 saw a reality-TV approach to esports brought to a whole new audience in the diverse player base of The Sims 4, and marked the start of a new approach to esports in the industry.

Esports and the COVID-19 environment

Like many other sectors, parts of esports have been badly disrupted by the COVID-19 pandemic with the cancellation of live events. However, some events have continued remotely. At the same time, the effects of the pandemic have underlined the innovation, flexibility and potential of esports. There has been increased consumer appetite and growth in engagement alongside growing cultural acceptance.

A number of sports delivered esports alternatives with lockdowns in place. **Formula 1 streamed its first ever Virtual Grand Prix**, for example, with virtual races held for every postponed Grand Prix and featuring a number of current F1 drivers. In the US, **NASCAR** introduced the eNASCAR iRacing Pro Series.

Broadcasters have also used turned to esports to fill schedules. For instance, the BBC has shown professional League of Legends matches during lockdown. Esports has provided entertainment and engagement for millions of people during lockdown.



The social value of esports

The COVID-19 pandemic has highlighted the social benefits of esports, and the sector's ability to bring people together remotely.

Esports is a highly sociable activity across both digital and physical arenas. There are clear social benefits for communities of supporters and their engagement is clear from the number of consumers who extend their interest into physical travel to events and tournaments. This in turn creates economic impacts for cities and venues hosting tournaments.

The esports audience is also diverse. A 2017 GameScape report underlined the diversity of esports viewership in age terms, concluding that in the median age for esports viewers in the US is 28. Nearly half held a college degree, and 55% were employed full-time. In China, 75% of esports viewers held full-time jobs and 71% had a college degree. The majority of esports viewers had spent money on esports-related goods.

Source: Who Watches eSports? Interpret Releases Report that Busts Myths about eSports Viewers. Business Wire, 23rd February 2017

Wider impacts of esports

Esports also have wide-ranging impacts on other businesses – including entities with no direct attachment to the esports landscape, such as hotels, logistics firms and venue operators.

Some venues are esports-specific – such as Game's Belong Gaming Arenas. Other general venues will be utilised by the sector on a tournament-by-tournament basis, such as the NEC Group's Arena Birmingham, which plays host to ESL's ESL One Birmingham Dota 2 event.

The Call of Duty World League has also held heats at the Copper Box Arena at London's Queen Elizabeth Olympic Park. Organised by Gfinity, the production of the event demonstrates the scale of esports' wider impact on non-sectoral businesses. For the event, two outside broadcast trucks were hired with 23 cameras in use, as well as laser projectors and screens.

Source: Duty calls for Gfinity and NEP at Copper Box Arena. SVG Europe, 1st July 2019

How big is esports and how fast is it growing?

Revenue and economic impact

Revenue, jobs and growth

Esports revenue has grown substantially over the past five years.

According to Newzoo, global esports revenue in 2019 was $950.6m. It predicts that global esports revenue will increase to $1.1bn in 2020.

The esports sector in the UK (excluding publishers and tourism spillovers) earned an estimated **£60m in revenue** in 2019, just under **8% of the global market (£745m).**

Which has translated into jobs growth.

The UK's esports sector grew at an average annual rate of 8.5%* between 2016 and 2019. According to Screen Business, there were **280 direct FTEs** in the UK esports sector in 2016. Excluding game publishers and tourism spillovers (and thereby providing a consistent time-series between 2016 and 2019) there were an estimated **358 FTEs** of direct employment the UK's esports sector in 2019.

* Average annual industry growth 2016 to 2019 (based on like-for-like total employment in esports services and esports employment at video games publishing companies in the UK)

Economic impact for the UK

The UK's esports sector generated an estimated **1,214 FTEs** of total employment and **£111.5m** in **GVA** for the UK economy in 2019

This total economic impact includes contributions from companies and organisations that provide **esports services and streaming platforms, video game publishing companies** and the **visitor-tourism industry** (e.g. hotels, restaurants, bars) that benefits from inbound visitors to live esports events in the UK.

Employment

Direct	404 FTEs
Indirect	487 FTEs
Induced	323 FTEs
Total	**1,214 FTEs**

GVA

Direct	£61.4m
Indirect	£30.0m
Induced	£20.1m
Total	**£111.5m**

Note: See Appendix for description of methodology

Esports services industry impact

Companies and organisations that provide esports services generated 915 FTEs and £84.4m in GVA in the UK in 2019

Employment

Direct	328 FTEs
Indirect	351 FTEs
Induced	237 FTEs
Total	**915 FTEs**

GVA

Direct	£47.0m
Indirect	£22.1m
Induced	£15.3m
Total	**£84.4m**

The **esports services industry** includes companies and organisations in the UK that are engaged in the provision of esports tournaments, leagues and teams. It excludes streaming platforms and games publishers.

The 18 leading companies and organisations comprising the UK's esports services industry directly employed an estimated **328 FTEs** in 2019, and generated direct GVA of £47m.

Including indirect and induced economic impacts, the esports services industry generated a total of **915 FTEs** of employment and **£84.4m** in **GVA** for the UK economy in 2019.

Note: See Appendix for description of methodology

Streaming platforms impact

The streaming of esports generated an estimated **72 FTEs** and **£7m** in **GVA** in the UK in 2019

Esports also generates additional income and economic activity for **streaming platforms**. In the UK, Twitch, YouTube Gaming and Level Up Media (formerly DINGIT) are three of the leading streaming platforms for esports.

Esports traffic generated an estimated **30 FTEs** of employment at these streaming platforms in the UK in 2019 and **£4.3m** in direct **GVA**.

Including indirect and induced economic impacts, streaming platforms' esports traffic generated a total of **72 FTEs** of employment and **£7m** in **GVA** for the UK economy in 2019.

Employment

Direct	30 FTEs
Indirect	24 FTEs
Induced	18 FTEs
Total	**72 FTEs**

GVA

Direct	£4.3m
Indirect	£1.5m
Induced	£1.2m
Total	**£7.0m**

Note: See Appendix for description of methodology

Games publishers impact

Games publishers' esports activities in the UK generated an estimated **216 FTEs** and **£19.5m** in **GVA** in the UK in 2019

Employment

Direct	40 FTEs
Indirect	110 FTEs
Induced	66 FTEs
Total	**216 FTEs**

GVA

Direct	£9.8m
Indirect	£6.3m
Induced	£3.5m
Total	**£19.5m**

While games publishers play a crucial role across the entire video games sector, esports currently represents a small percentage of their overall business in the UK. Indeed, most of the multinational publishers' esports activities are directed from their US offices.

Esports initiatives accounted for an estimated **40 FTEs** of employment at games publishers in the UK in 2019 (i.e. direct employment). The direct **GVA** impact associated with this workforce was **£9.8m.**

Including indirect and induced economic impacts, esports activities at games publishers in the UK generated a total of **216 FTEs** of employment and **£19.5m** in **GVA.**

Note: See Appendix for description of methodology

Visitor spillover impact

The visitor spending associated with esports events generated an estimated 10 FTEs and £0.5m in GVA in 2019.

Esports also generates an economic impact by attracting visitors to the UK to attend live events. There were an estimated 42,000 attendees to live esports events in the UK in 2019 – including events such as ESL One Birmingham 2019.

Of these total attendees, approximately 5%, or 2,100 attendees, originated from outside the UK. Assuming that each of these 2,100 inbound visitors stayed for a minimum of two nights, the total tourism spending in the UK would have been approximately £0.5m in 2019.

This level of inbound tourism spending generated into a total of **10 FTEs** of employment and **£0.5m** in **GVA** for the UK economy in 2019.

Employment	
Direct	6 FTEs
Indirect	2 FTEs
Induced	2 FTEs
Total	**10 FTEs**

GVA	
Direct	£0.3m
Indirect	£0.1m
Induced	£0.1m
Total	**£0.5m**

Note: See Appendix for description of methodology

The value to Local economies

Key Impacts, and the Potential of a major UK Event

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Value to local economies

Esports can create unique economic, cultural and soft power impacts for locations that host major tournaments or teams.

- As with traditional major sporting tournaments, esports can attract a significant volume of spectators from other regions and countries who may only be visiting that destination because of their interest in esports. As a result, it provides the destination with a strong opportunity to market to new demographics.

- For example, Katowice in Poland has become an international destination for esports due to its annual Intel Extreme Masters (IEM) tournament. In 2019, IEM Katowice attracted a total attendance of 174,000. By way of comparison, the 2019 FIFA U-20 World Cup hosted by Poland attracted 377,000 spectators. As with physical sporting events, spectator demand for esports is partly driven by the event-based nature of specific tournaments.

- Surveys from previous IEMs suggest that approximately one-third of attendees travelled over 200km to Katowice specifically for IEM. In 2018 it was reported that IEM generated Katowice $24.5m in advertising value. Katowice City Council voted in 2018 to continue promoting and co-organising the event in collaboration with ESL and Intel, allocating PLN12.5m to promote the event over the next five years.

Potential economic value

£11.7m in tourism spending would, in turn, generate **238 FTEs** of employment and **£12m** in **GVA** for the UK economy.

Employment

Direct	143 FTEs
Indirect	48 FTEs
Induced	48 FTEs
Total	**238 FTEs**

GVA

Direct	£6.3m
Indirect	£3.3m
Induced	£2.3m
Total	**£12.0m**

The earlier analysis of existing live esports events in the UK indicated that for every 1,000 people visiting the UK to attend the event, one can expect an additional £234,000 in tourism spending within the UK economy, leading to 4.8 FTEs of employment and £240,000 in total GVA.

If the UK were to host an esports event of similar scale to IEM Katowice (c.150,000) and also attract one-third of its attendance from outside the UK, then 50,000 inbound visitors would generate 100,000 bed-nights and £11.7m in tourism spending.

Note: See Appendix for description of methodology

How Can the UK esports Sector grow Further

Ukie's Recommendations for Growth

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How can the sector grow further?

1. Regular engagement

Government engagement can be vital in preventing any barriers and promoting the growth of a young industry. Ukie recommends that some form of regular engagement is established between the industry and DCMS to advise on growth.

2. Promote the UK's esports industry

The GREAT campaign promotes the best of British. Ukie believes that if the Government is serious about making esports an area of national strength then it should establish an 'EsportsIsGREAT' strand of the GREAT campaign.

3. Build on British expertise

Esports draws on expertise from many DCMS sectors, from traditional sports to broadcast media. We recommend the Government work with the industry to support the export of esports products, such as content for linear broadcast, that builds on the best of British talent and looks at ways to incentivise more esports production and activity in the UK.

4. Fund technological innovation

The Government has taken a strong first step by funding the Weavr Consortium, an esports demonstrator, as part of the Industrial Strategy's Audience of the Future challenge. Ukie believes that esports can serve as a test bed for technology with applications across other sectors, and we recommend the Government back this with a small and focused Esports Technology Challenge Fund.

How can the sector grow further?

5. Secure international events

The UK already plays host to large esports events such as ESL One Birmingham and the FACEIT Major, but Ukie believes more could be done. We recommend that the Government work with industry to offer attractive packages to tournament organisers to bring their events, as well as the fans and associated economic benefits, to the UK.

6. Become a customer

The esports audience is young and highly engaged. As the Government looks to get crucial messages to this group, it should work with esports businesses to buy advertising space and run campaigns.

7. Provide visa clarity

The immigration system is not always clear as to how esports players and talent should apply for entry and visas. We do not advocate for any wholesale changes to our immigration system, but rather the development and issuance of clear guidance in partnership with industry.

8. Maintain regulatory stability

The UK must maintain a stable regulatory environment for businesses. As the UK forges its new place in the world, outside of the EU, we must ensure we are attractive to businesses and investors. Ongoing and clear engagement from the Government with the video games and esports industry will be crucial here.

Appendix

Economic Impact Methodology

1 Economic impact methodology

UK esports revenue and global market share

- According to Newzoo, global esports revenue totalled $950.6m or £745.0m in 2019.[1]

- This market-size estimate includes revenues earned from the sale of sponsorship deals, media rights, digital, streaming, tickets and merchandising, and publisher fees. The market sizing only includes revenues from professional or semi-professional competitive gaming in an organised format (e.g. tournament or league), and excludes the revenue associated with the live streaming of non-organised gaming.

- The average turnover-per-FTE ratio observed for the three largest esports companies in the UK in 2018 (£174,967) was adjusted to account for price inflation between 2018 and 2019 (£177,941) and then multiplied by the estimate of total employment in the esports services industry (328 FTEs) to arrive at an estimate of total esports services revenue in 2019 (£58.3m).

- This estimate of total esports services revenue was compared to Newzoo's estimate of global esports revenue in 2019 (£745m)[2] to arrive at an estimate of the UK's global market share of 8.5%.

1. NewZoo (2020), NewZoo Global Esports Market Report 2020, available at: https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2020-light-version/

2. NewZoo (2020), NewZoo Global Esports Market Report 2020, available at: https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2020-light-version/

Economic impact methodology 2

Economic impact modelling

- For each of the four identified segments of the UK's esports sector, estimates were prepared for the direct, indirect and induced impacts on employment (as measured FTEs) and GVA. These estimates were derived using Nordicity's MyEIA™ Model, which incorporates the Office for National Statistics' (ONS's) 2015 input-output tables.

- Further details of the economic impact calculations and assumptions can be found in the rest of this section.

- **Direct impact** refers to the employment and GVA generated directly within companies/organisations operating within the esports sector*.

- **Indirect impact** refers to the employment and GVA generated in industries that supply goods and services to the esports sector (e.g. marketing, finance, legal).

- **Induced impact** refers to the additional employment and GVA generated throughout the UK economy as direct and indirect impact workers re-spend their income on the purchase of consumer goods and services.

* In the case of the tourism spillovers associated with live esports events, the direct impact refers to the employment and GVA generated at tourist-facing business such as hotels, restaurants and pubs

3 Economic impact methodology

Esports services industry

- A combination of primary research and desk research was used to gather data on employment, financial performance, employment costs, audiences and other relevant market data for the esports services industry in the UK.

- Employment data was obtained for 13 of the 18 leading companies/organisations in the UK's esports services industry identified by Ukie's esports subcommittee (excluding streaming platforms and games publishing companies). This included data for 4 companies sourced from Companies House filings and data for 7 companies/organisations collected through an online survey distributed to the 18 leading companies/organisations in the UK (as identified by Ukie).

- The average FTE cost for the games industry found in Screen Business for 2016 (£53,327) [3] was adjusted to reflect consumer prices in 2019 [4] (£56,924) and then multiplied by the estimated number of industry FTEs to estimate direct employment costs.

- The ratio of GVA to employment costs found in the ONS's Annual Business Survey (ABS) or Screen Business was used to convert estimated employment costs into GVA.

- The GVA-to-employment-cost ratio for companies operating with 0-49 employees cohort in the information and communications sector (2.52) [5] was used to estimate the direct GVA across the esports services industry.

3. BFI (2018), Screen Business, available at: https://www2.bfi.org.uk/sites/bfi.org.uk/files/downloads/screen-business-full-report-2018-10-08.pdf

4. ONS (2020), Inflation and price indices, available at: https://www.ons.gov.uk/economy/inflationandpriceindices

5. ONS (2020), Non-financial business economy, UK: employment size-band (Annual Business Survey),available at: https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/datasets/uknon financialbusinesseconomyannualbusinesssurveyemploymentsizeband

Economic impact methodology 4

Streaming platforms

- In the UK, Twitch, YouTube Gaming and Level Up Media (formerly DINGIT) are three of the leading streaming platforms for esports.

- In 2019, esports content accounted for approximately 25% of Twitch's global audience. [6] That audience share was applied to estimates of Twitch's total workforce size in the UK (c. 67), as well as that of LevelUp Media (c. 16 to estimate the portion of their workforces devoted to esports (17 and 4, respectively).

- Reports indicate that YouTube Gaming's market share was about half of Twitch's [7], thus implying that it has nine employees in the UK devoted to esports.

- In total, therefore, esports generated 30 FTEs of employment at streaming platforms in the UK (i.e. direct employment) £4.3m in direct GVA.

- Nordicity's MyEIA™ model was used to estimate the indirect and induced impacts of this business activity at streaming platforms. With the inclusion of indirect and induced impacts, the total economic impact in the UK was 72 FTEs and £7m in GVA.

6. Yosilewitz, A. (2019), "State of the stream Q2 2019", Steam Elements, 12 July, available at: https://blog.streamelements.com/state-of-the-stream-q2-2019-facebook-gaming-growth-gta-v-surges-and-twitch-influencers-get-more-529ee67f1b7e

7. Valentine, R. (2020), "Facebook Gaming streaming market share sees end-of-year rise", gamesindustry.biz, 9 January, available at: https://www.gamesindustry.biz/articles/2020-01-09-facebook-gaming-streaming-market-share-sees-end-of-year-rise

5 Economic impact methodology

Visitor spillover (tourism) **impact**

- Respondents to the esports industry survey indicated that there were a total of 42,000 attendees to their live esports events in the UK in 2019. This included events organised by ESL, such as ESL One Birmingham 2019.

- Survey respondents also reported that (on a weighted-average basis) approximately 5% of attendees, or a total or 2,100 attendees, originated from outside the UK.

- Data from VisitBritain indicate that holiday visitors to the UK aged 16-44 spent an average of £117 per night [8]. Assuming that each of the 2,100 inbound visitors to an esports event stayed for a minimum of two nights, the total tourism spending in the UK would have been approximately £0.5m.

- Nordicity's MyEIA™ model was used to estimate that this level of tourism spending generated a total of 10 FTEs of employment and £0.5m in GVA in 2019, including direct, indirect and induced impacts.

8. VisitBritain (2019), Inbound tourism trends by market, available at: https://www.visitbritain.org/inbound-tourism-trends

Economic impact methodology

6

Estimation of the esports-related employment at games publishing companies

- According to Newzoo, the global esports market will have earned $950.6m in revenue in 2019, [9] or £745m.

- North America is expected to account for 37% of global revenue in 2019,[10] or £276m. The US economy accounts for 80% of North America's Gross Domestic Product (GDP), and so, likely accounts for approximately £221m (80% of £276m) in esports revenue in 2019.

- In 2016, the UK's esports market was 1/12 the size of the US market – £6.6m vs. £80.4m. [11] Carrying forward this ratio to 2019 implies that the UK's esports market (i.e. consumer spending on esports) was an estimated £18m.

- Ukie's statistics indicate that consumer spending in the UK's video games market totalled £5.4bn in 2019. [12]

- Of the total consumer market in the UK, we assume that the large games publishers focus on their core market of boxed software, digital and online and console sales. These three segments accounted for £3.1bn in consumer spending in 2019.

- We further assume that the major games publishers are devoting a level of human resources to esports that is at least commensurate with its current share of consumer spending in the UK's video games market. We further assume that this share ranges from the share of total spend to 'core' spend (as indicated above).

9. NewZoo (2020), NewZoo Global Esports Market Report 2020, available at: https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2020-light-version/

10. NewZoo | **11.** NewZoo | **12.** 12 Ukie (2020), 2019 UK Consumer Games Market Valuation, available at: https://ukiepedia.ukie.org.uk/index.php/2019_UK_Consumer_Games_Market_Valuation

7 Economic Impact Methodology

Estimation of the esports-related employment at games publishing companies

- The shares would be (£18m ÷ £5,348m = 0.34%) and (£18m ÷ £3,071m = 0.59%).
- This share range was applied to estimated employee counts at each of the leading 15 video games publishing companies in the UK. The individual company employment data was sourced from the UK Games Map. [13] Where the multiplication of the share implied less than one FTE at a particular company, it was rounded up to one FTE.
- This approach indicated that there were approximately 20 FTEs engaged in esports business activities across the 15 leading publishing companies, or 1% of the total employment at those companies.
- Consultations with selected publishers in the UK indicated that, by and large, 0.5% of their UK workforce was devoted to esports business activities. One publisher, however, did report (anonymously) that it already had 20 FTEs devoted to esports.
- Based on the desk research and consultations, we concluded that there were at least 40 FTEs engaged in esports business activities at publishers in the UK in 2019.
- The economic impact ratios from Screen Business were updated for 2019 and then applied to the direct impacts to generate estimates of the indirect and induced impacts, and thereby the total economic impact of 216 FTEs and £19.5m in GVA.

13. Ukie and Nesta (2020), UK Games Map, available at: https://gamesmap.uk/#/map

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