

Collateral Growth: Digital-gaming Sector During the COVID-19 Outbreak

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It is no secret that the professional part of the sport industry is mostly funded by the amount of sponsor's visibility to fans and means of getting their attention. Championships, leagues, challenges, shows and even bathroom selfies of athletes help to sell advertisement opportunities for brand managers to receive more views. Brand logos placed on players' jerseys and all around stadiums represent that well, but real economic value is mostly based on revenues from broadcasters selling their advertising space and buying licences that provide popular content. For example, the Olympic Games were able to generate almost 3 bil. USD in 2016 solely from broadcasting rights, since they are universally popular in many countries – hence the high demand for screening the events. The specific popularity of any sport depends on many factors and, because it is quite expensive to take part in some sports at a competitive level. Having a representation able to compete and to win (occasionally) is the main key for sponsors to 'enter the game'.

Playing digital games at a competitive level also requires some investment, but the bar is much lower and while this does not guarantee a sustainable career opportunity for many people, it definitely can streamline the process of picking and developing talents on a global scale. Professional and semi-professional competitive gaming or so called eSport is on the verge for quite some time, but only now do we see bigger stakeholders outside the gaming industry stepping in and investing in both teams and competition development.

The fact is, that even before the COVID-19 outbreak, advanced technologies made some changes in the ways that sports are watched and perceived. For example, drop in the revenues due to shorter attention spans – people tend to spend less time watching and it seems they prefer edited versions or just highlights, there are new viewing habits, such as reaching out in markets in previously unpopular countries, etc. That existed even BC, so during quarantine and lockdowns, sports have an even harder time to stay in people's focus. One of the ways to do it is through eSports:

- NASCAR used eSports as a way of preserving cancelled races in new format - even featuring pro drivers in the so called *eNASCAR series*;¹
- Similarly, *Formula 1* turned to virtual races to substitute for races that have been cancelled or postponed;
- FIFA is an obvious answer to ditching real football pitches and moving players to virtual stadiums and is even helping in terms of funding the football community affected by the pandemic;²

1 FINGAS, J.: *NASCAR is replacing canceled races with esports featuring pro drivers*. Released on 22nd March 2020. [online]. [2020-20-05]. Available at: <<https://www.engadget.com/2020-03-19-nascar-esports-racing-series-fox.html>>.

2 *FIFA starts immediate financial support to member associations in response to COVID-19 impact*. Released on 24th April 2020. [online]. [2020-12-05]. Available at: <<https://www.fifa.com/who-we-are/news/fifa-starts-immediate-financial-support-to-member-associations-in-response-to-co>>.

- local experiments, for example, the Czech national downhill skiing championship took place via the mobile game *Ski Legends*, the ČAAF (Czech Association of American Football) is putting its players into Madden NFL 20 with a project *Paddock eliga*.

On the local Slovak scene, we can see that some partners of events are very keen on keeping some of the events going (in some form):

- in April, the local online tournament Y-Games @home happened, sponsored by VUB Bank and Orange and even officially supported by Branislav Gröhling, Slovak Minister of Education. Voluntary contributions that were collected were sent to local charity projects for fighting COVID-19;
- The Fortuna league came up with new form of tournament – *e-Fortuna Liga Challenge*, where they have their teams represented by one football player and have them compete via PlayStation;
- The Slovak ice hockey championship was cancelled, but the game was kept on screen by one of its partners, Borovička Borec in the form of popular celebrities (television hosts, musicians, youtubers and actual sportsmen) playing hockey online.

Apart from just eSports, even if we still cannot be certain that gaming is recession-proof, during these times it seems to be doing fine:

- Steam has been thriving as well; new record numbers of people playing were achieved during lockdown, Twitch has reported massive increases in user streaming hours;³
- Other companies are trying to accommodate as well – Google's cloud gaming service Stadia has been free since April the 9th (even if only for one third of the available games);
- New pro-gaming statements have been made, such as Play Apart Together, a global game industry initiative;
- Gaming as an effective way to achieve social distancing and stopping the spread is even supported by the WHO (who added 'gaming disorder' to its list of addictive behaviours);⁴
- Even online casinos and poker are thriving and with lack of sporting events to bet on, people are even betting on the weather and some states are legalizing betting on competitive gaming.

Generally, the world of gaming has been thriving, at least in terms of business (Chart 1). It has however also been affected in negative ways. Regarding gaming events, COVID-19 has divided these into two categories. For some of them, organisers tried to adapt events to given circumstances, e.g., the ceremony of the *British Academy Games Awards* was streamed online for the time in history, the eSport tournament *Intel Extreme Masters Katowice* took place, but without an audience on-site, etc. Some decided cancellation was the best choice like *DiGRA 2020*. Some of the largest events had to be cancelled or postponed due to the virus – for example, *Activision-Blizzard's Overwatch League*, *Twitch-Con*, *Minecraft Festival* and many other gatherings and tournaments.⁵ Some other negative side effects are also occurring: psychologists are warning us that self-quarantine may bring risks to some vulnerable groups and people with addictions.

3 KOZELKO, D.: *COVID-19: how is esports coping compared to traditional sports?*. Released on 8th April 2020. [online]. [2020-12-05]. Available at: <https://www.lawinsport.com/topics/item/covid-19-how-is-esports-coping-compared-to-traditional-sports#_ftn5>.

4 CANALES, K.: *The WHO is recommending video games as an effective way to stop the spread of COVID-19, one year after adding 'gaming disorder' to its list of addictive behaviors*. Released on 2nd April 2020. [online]. [2020-15-05]. Available at: <<https://www.businessinsider.com/who-video-games-coronavirus-pandemic-mental-health-disorder-2020-4>>.

5 THALER, M.: *2020 Cancelled Gaming Events, Conference, and Tournaments*. Released on 23th March 2020. [online]. [2020-15-05]. Available at: <<https://steelseries.com/blog/2020-cancelled-gaming-events-201>>.

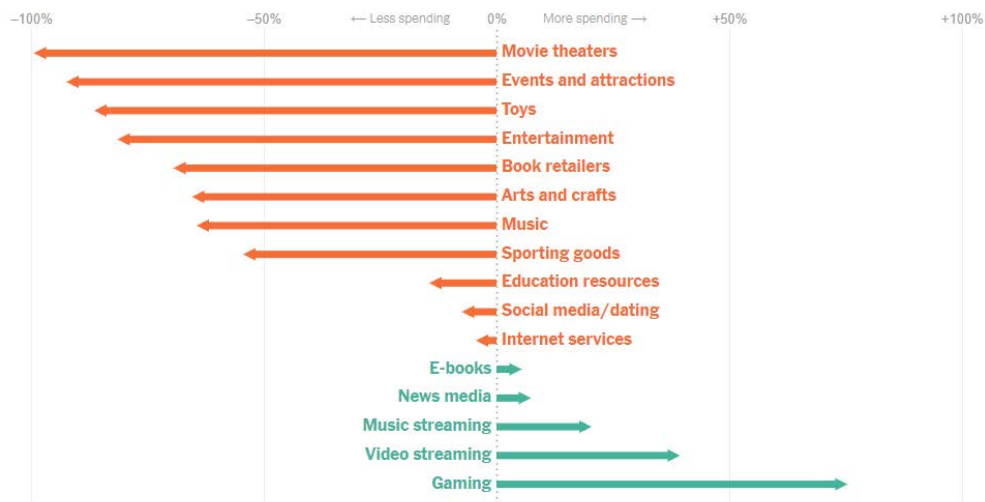


Chart 1: Changes in spending from 2019 to April 2020

Source: LEATHERBY, L., GELLES, D.: *How the Virus Transformed the Way Americans Spend Their Money*. Released on 11th April 2020. [online]. [2020-15-05]. Available at: <<https://www.nytimes.com/interactive/2020/04/11/business/economy/coronavirus-us-economy-spending.html>>.

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