

Centre of the game:
KSA emerges as a significant player in the global Esports market



Foreword



The Kingdom of Saudi Arabia is revolutionising the Esports and gaming sector, unlocking opportunities for aspiring gamers and entrepreneurs to excel in this dynamic sector. It has established itself as a key player in the global Esports and gaming landscape by launching groundbreaking intellectual properties (IPs), incentivising the private sector and transforming the global governance standards. These efforts are positioning the Kingdom as a vibrant and influential hub for Esports and gaming.

At PwC Middle East, we are proud to be at the forefront of this change. We are committed to fostering the growth of the Esports sector in Saudi Arabia and are excited to collaborate with the Saudi Esports Federation (SEF), a key driver for this success. Our strategic partnership focuses on exploring the future of the Esports and gaming sector, identifying opportunities in critical areas such as infrastructure development, youth engagement, and technological advancement. To this end, we have developed a three-part series of reports that explore the growth of the Esports sector. These reports underscore the collaborative efforts between the government and the private sector in advancing the industry, engaging the youth, and highlighting the pivotal roles of publishers, clubs, and players. We believe that the insights will prove valuable to industry leaders and stakeholders.

We look forward to continuing our collaboration with our partners to drive the development of gaming and Esports in Saudi Arabia, aiming to achieve sustainable growth and success in this rapidly evolving sector.

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Turki Alfawzan
Chief Executive Officer at
Saudi Esports Federation

We are pleased to share our latest report on the Esports sector, in collaboration with PwC Middle East. This dynamic and insightful report highlights the evolving ecosystem of the Esports landscape in Saudi Arabia. Saudi Esports Federation, is a pivotal force in expanding the Kingdom's Esports sector, and has created a community that empowers players, nurtures local talent, and fosters widespread community engagement.

This report not only celebrates the Kingdom's success in this sector, it showcases Saudi Arabia's commitment to innovation and growth. As we navigate towards Vision 2030, SEF remains committed to supporting the future of Esports in the Kingdom. Through strategic initiatives, innovative partnerships, and comprehensive research, such as this report, we aim to enhance, cultivate, and educate.

We invite our readers to join us on this transformative journey, where Esports serves as a catalyst for the Kingdom's economic diversification and cultural enrichment.



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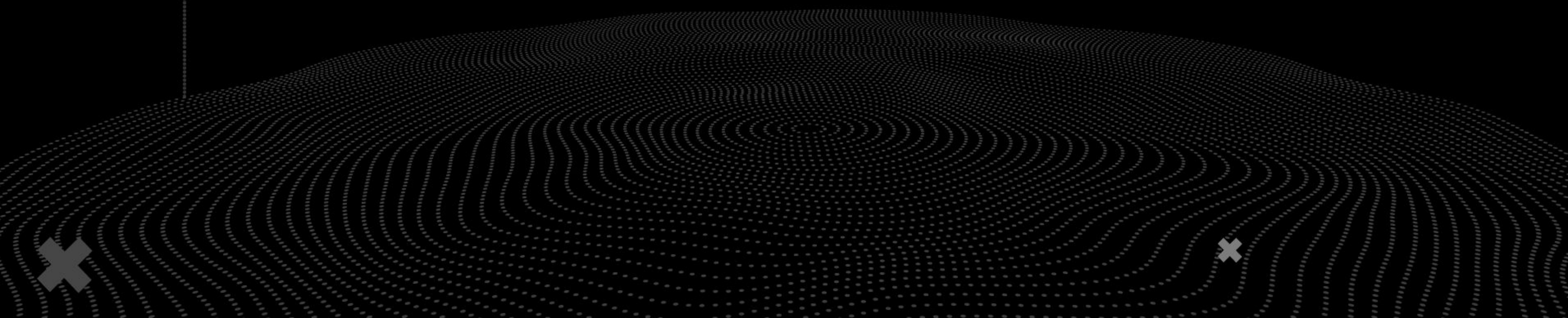
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Executive summary

In the last decade, the Esports sector has experienced phenomenal growth, with the emergence of new markets, professional players, teams leagues, funding, and prizes. Worldwide revenue generated from Esports is expected to reach US \$1.86 billion by 2025, nearly doubling the US\$996 million revenue generated in 2020¹. This expected growth is mainly driven by rising investments, live streaming, surging viewership, ticket sales, and demand for tournament infrastructure globally.

There is significant interest in the Esports industry in the Middle East, with governments and private entities investing in Esports infrastructure, from gaming zones to arenas, and global tournaments. In 2023, gaming revenues in the Middle East and Africa were approximately US \$7.2 billion², with Saudi Arabia emerging as a key growth player. The number of gamers in the Middle East and North Africa (MENA) region was estimated at almost 68 million in 2022, and is projected to grow to around 87 million by 2026³. Rampant mobile and digital penetration have led to increased adoption of Esports and gaming in the region.

This report is the first of a three-part series that examines the growth of the Esports industry worldwide and in the Kingdom of Saudi Arabia. It also highlights the active role government and private stakeholders are playing in developing the sector, with a particular focus on engaging young people and nurturing talent.



Worldwide Esports revenue is expected to grow to **\$1.86 billion** by 2025, nearly doubling its revenue from **\$996 million** in 2020.

Saudi Arabia is emerging as one of the leading players in Esports in the region, with Esports and gaming expected to have an **economic contribution** of \$13.3 billion by 2030.



Esports market in the Middle East is experiencing significant growth. The number of gamers in the MENA region was estimated at almost **68 million** in 2022 and projected to grow to around **87 million** by 2026.

Driven by tech advancements across the whole value chain, thriving gaming communities, substantial government investment, and hosting a World Cup, the Esports sector is witnessing a rapid transformation.





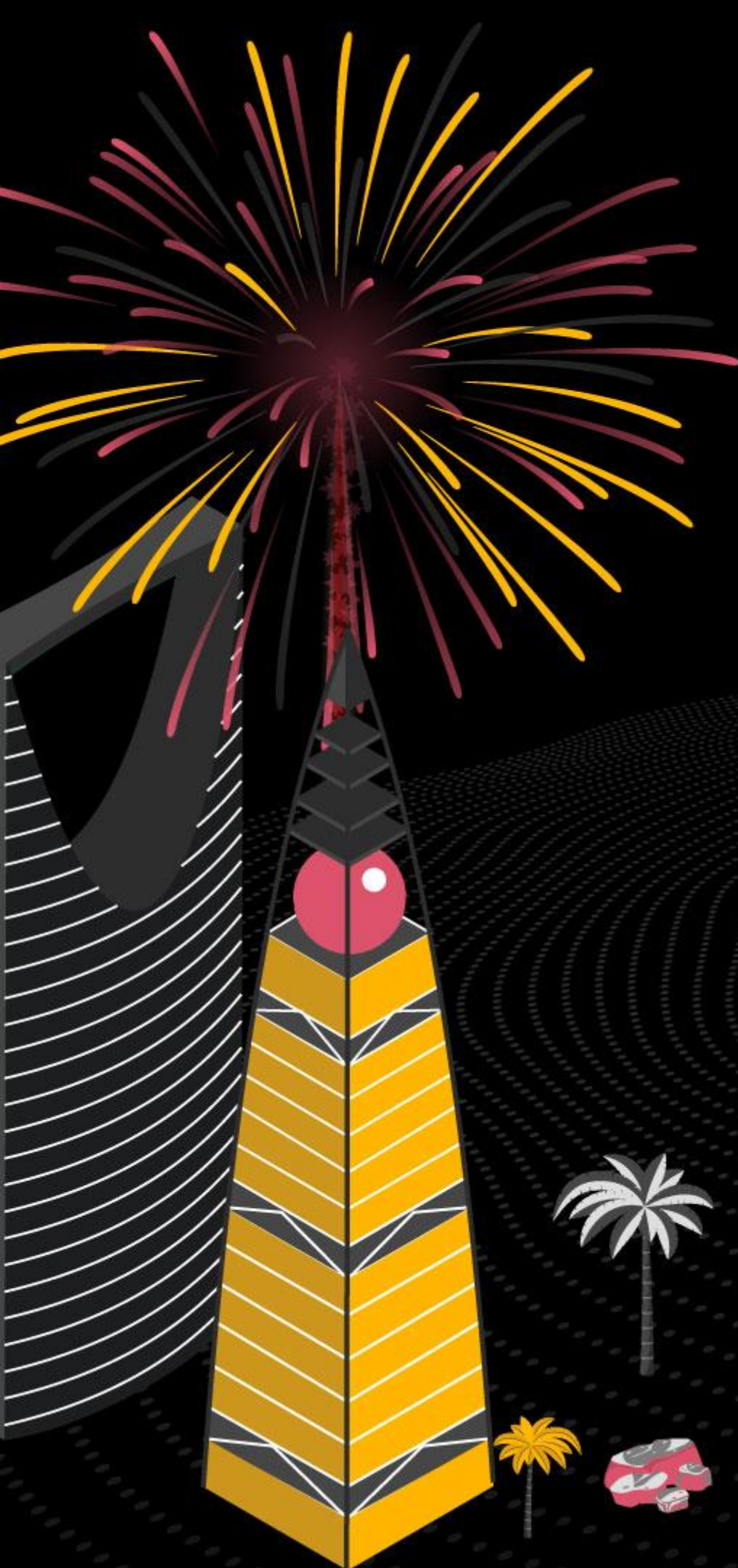
Introduction

Esports is a rapidly growing and dynamic entertainment industry sector that revolves around competitive video gaming. It consists of individual professional video game players that play on their own, or in teams, showcasing their skills, strategies, and teamwork. Over the years, Esports has evolved from niche competitions into a mainstream phenomenon, attracting millions of enthusiasts, both as participants and viewers.

It is important to note that Esports and gaming are not one and the same. Gaming is an umbrella term for playing any video game. Esports is gaming at a professional competitive level. In Esports, there's more at stake: major tournaments have prize pools worth millions of dollars and potential sponsorship opportunities.

Esports is not only a form of entertainment but also a cultural and economic force that is redefining how people worldwide engage with video games and competitive gaming. This is especially true in the Middle East, where there is a large youth population, growing digital connectivity, and active support from governments.





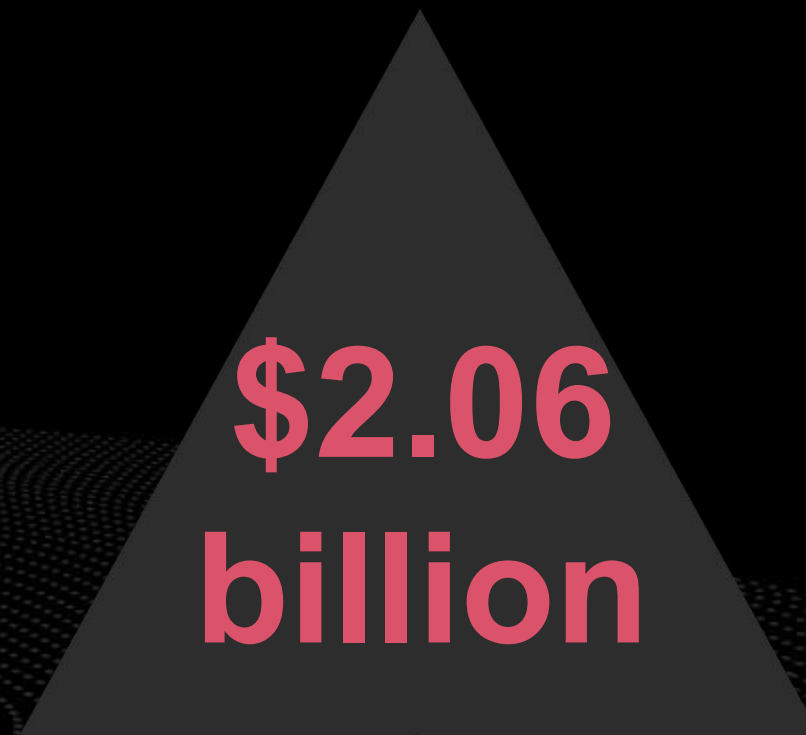
The rise of Esports and challenges ahead

The Esports industry has witnessed significant growth over the years, with the market expanding at a rapid rate. The global Esports market is projected to grow from US\$2.06bn in 2024 to US\$9.29bn by 2032.⁴



With revenues from various streams, including:

- Media rights
- Advertising
- Tickets
- Sponsorships
- Merchandise
- Game publisher fees



The global Esports market is currently valued at over

Esports is becoming increasingly popular in different regions around the world, with specific games gaining popularity in different geographies. For example, Mobile Legends: Bang Bang is highly popular in Asia, while CS:GO, one of the most popular Esports disciplines in the world, has most of its player base in Europe. There are a variety of Esports competition types, which can be divided into professional, semi-professional, and grassroot competitions.



The rise of Esports and challenges ahead

The world's video game players, estimated at 3.228 billion in 2022⁵, are the foundation of the Esports industry and engage with video games in a variety of ways (casual gamers, hardcore gamers, Esports amateurs, semi-professionals, professionals, post-professionals). In 2022, it was estimated that there were over 32,000 active Esports players (likely semi-professional / professional) worldwide⁶, with the US, China, Brazil, Korea, Germany, France, United Kingdom, and Japan among the leading nations. With the Middle East fast catching up, Saudi Arabia has witnessed strong interest in the sector, thanks to a growing number of tournaments (Gamers8, GWB, GET, Saudi eLeague).

Despite its rapid growth, the Esports sector faces challenges on a global level. These include issues with monetisation, such as ticket sales, merchandise, and broadcast rights. Additionally, there are concerns regarding player welfare, contractual disputes, doping, game longevity and popularity, audience fragmentation, integrity, cultural acceptance, and sustainability. On the technological front, there are also challenges, including a competitive hardware market, rapid advancements in technology, diverse consumer preferences and trends, compatibility, and a lack of regulatory norms.



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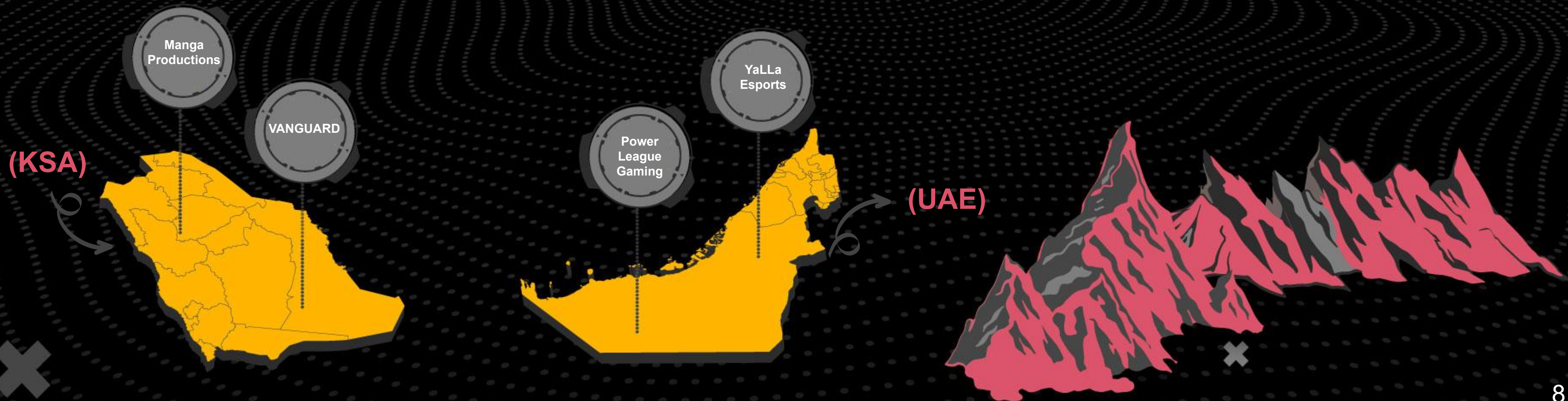
Innovation and digital revolution drive Esports expansion



The technological revolution and digital evolution have played key roles in the growth of the Esports industry, significantly enhancing professional player performance, elevating the quality of Esports broadcasts, and strengthening the overall infrastructure of competitive gaming. Technological development have influenced gaming equipment and peripherals, custom-built systems, VR and AR headsets, Esports arenas, live streaming equipment, game servers and network infrastructure, anti-cheat software, data analytics and performance tracking, player performance analysis, mobile Esports, fan engagement, merchandise and collectibles, and security and integrity.

As the Esports industry continues to grow, there is an increasing demand for higher-quality hardware and technology to enhance the gaming experience. Advancements in technology, such as cloud gaming and augmented or virtual reality, could create new opportunities for game developers and publishers to innovate.

Despite the challenges on the tech front, there is still a surging demand for gaming peripherals, gaming PCs and components, consoles, networking equipment, and gaming platforms. This has also led to a proliferation of startups and initiatives in the Middle East, including Manga Productions (KSA), VANGUARD (KSA), Power League Gaming (UAE), & YaLLa Esports (UAE).



Stakeholders elevate their role in the Esports value chain

The Esports ecosystem comprises various stakeholders, each playing a crucial role in its development and success. This section explores the different types of stakeholders within the sector, offering a brief overview of each and their contributions.

Game developers and publishers: Are responsible for creating, promoting, and maintaining video games. While they play a crucial role in the gaming experience, their involvement in the Esports scenes of their games can vary, with some actively developing or curating their games' Esports scenes while others take a more laissez-faire approach.

Players and clubs: This segment ranges from amateur to professional players, including teams, clubs, and coaches. They are the backbone of the Esports landscape, showcasing talent and competing in various tournaments. As the sector matures, these players and clubs benefit from defined contracts, rights, and organised tournament structures.

Event organisers and operators: These stakeholders are responsible for executing Esports events, creating settings where players can showcase their skills and fans can fully engage with the action.



Video games were first invented in
1953

Stakeholders elevate their role in the Esports value chain

Esports federations: National federations promote fair play and community growth within their nation's Esports sector and work to scout and recruit players from Esports clubs to compete in international nation-based tournaments. International federations, meanwhile, standardise global guidelines, support the development of national federations, and advance the Esports scene worldwide.

Sponsors and partners: These entities provide crucial financial support to events, clubs, and players. Their involvement helps sustain the industry and allows for larger tournaments with increased prize pools, further elevating the competitive scene.

Infrastructure and suppliers: This includes companies that develop and manufacture both gaming software and hardware. These stakeholders play a key role in ensuring that players have access to high-quality resources that enhance their gaming experience. Recognising the tremendous potential of the Esports sector in Saudi Arabia, organisations are taking steps to expand strategically into the Kingdom as part of its value chain. Recently, the Esports lounge company, True Gamers, signed a major franchise deal worth US\$45 million. This investment aims to develop strong Esports infrastructure in Saudi Arabia by launching over 150 True Gamers lounges, which will significantly enhance the gaming experience for fans and boost the country's growing Esports scene.

Fanbase: Fans, including both attendees and online viewers, are the primary consumers of Esports. Their engagement provides crucial support for players and teams and drives the industry's growth through viewership and attendance at events.

Historically, these stakeholders have evolved in their involvement within the Esports value chain. Initially, interest in Esports was primarily driven by casual local tournaments and LAN parties. However, as the industry has matured, the involvement of these stakeholders has become more structured and impactful. They now "up the game" in the value chain by not only expanding the competitive landscape but also enhancing the overall player experience through more organised structures, better support systems, and increased investment. This evolution has led to a more robust Esports ecosystem, paving the way for future growth and innovation.



Emergence of Saudi Arabia and the Middle East in the Esports sector

Countries like Saudi Arabia, the United Arab Emirates, and Egypt have been at the forefront of Esports growth in the Middle East, hosting major Esports tournaments and leagues. Content creation and streaming are also gaining popularity with Middle Eastern gamers on platforms like Twitch and YouTube. Educational institutions in the Middle East are recognising the potential of Esports and offering programmes related to Esports management and game design. Some countries in the Middle East are also establishing regulatory frameworks to govern the Esports industry.

Saudi Arabia has emerged as a significant player in the Middle East Esports market, driven by its National Gaming and Esports Sector Strategy. This ambitious initiative aims to develop the entire gaming and Esports value chain, foster new career and business opportunities and position Saudi Arabia the centre of the game by 2030. It is expected to create 39,000 jobs and contribute \$13.3 billion to the Kingdom's GDP.⁸

The Esports and gaming contribution to Saudi Arabia's GDP

\$13.3 billion



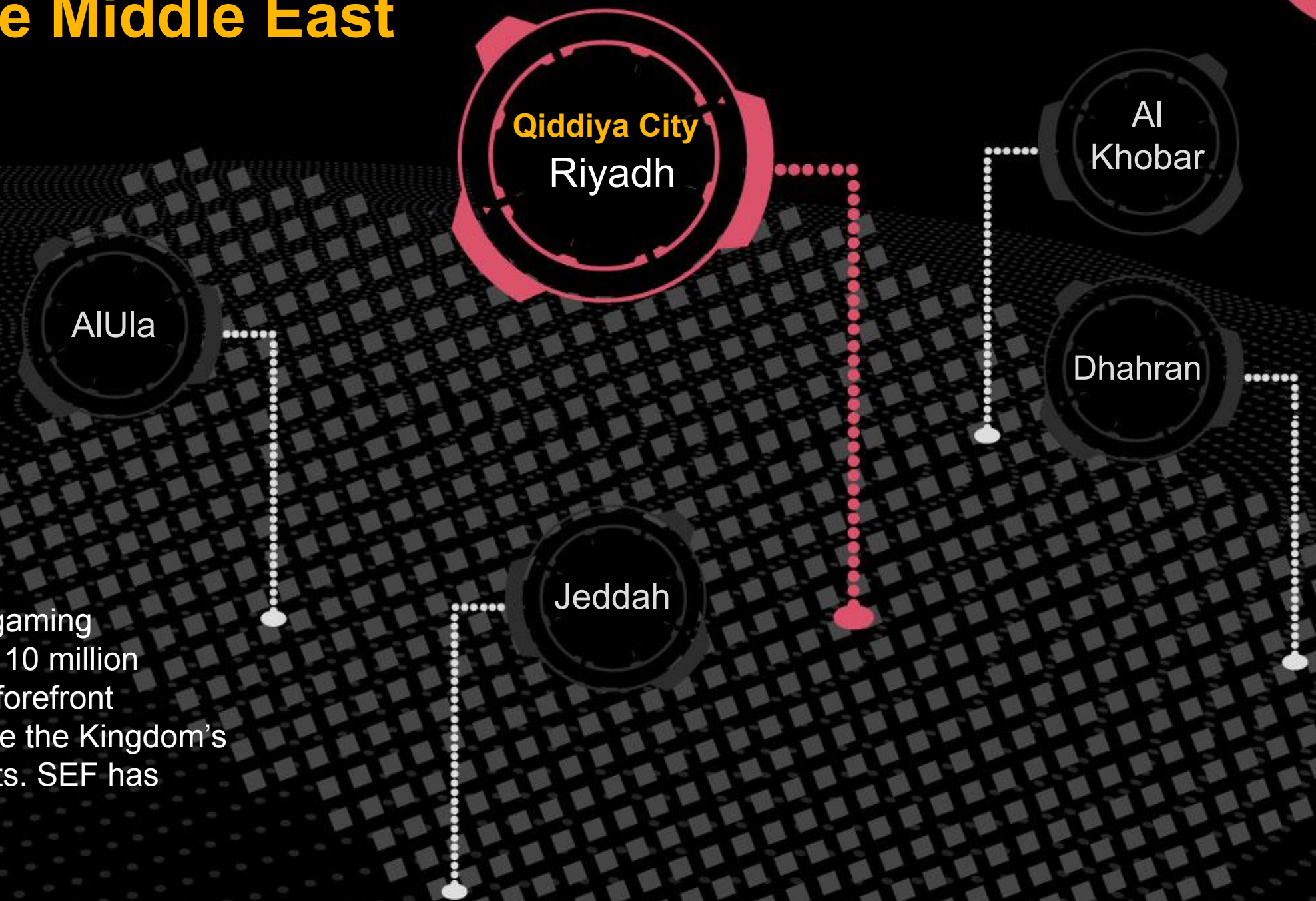
Emergence of Saudi Arabia and the Middle East in the Esports sector



Qiddiya city

in Saudi Arabia has unveiled plans for the world's first comprehensive gaming and Esports district. The district will be designed to attract an expected 10 million visitors annually.⁹The Saudi Esports Federation (SEF) has been at the forefront of the Kingdom's endeavors into the Esports sector, as it aims to nurture the Kingdom's Esports industry and establish Saudi Arabia as the global hub of Esports. SEF has revolutionised the way national Esports federations operate by:

- **Organising** world leading local leagues, such as Saudi eLeague
- **Developing and hosting** transformative global tournaments, such as GAMERS8 and Gamers Without Borders
- **Assembling and managing** world class national Esports teams to compete and win in pinnacle publisher and international tournaments, such as the Overwatch World Cup
- **Organising national grassroots** tournaments, such as school leagues in collaboration with the Saudi Ministry of Education



Looking ahead: Engaging the youth, developing talent

The Esports industry has grown rapidly over the last decade, leading to the emergence of professional players, teams, leagues, and substantial cash prizes. Millions of fans tune in to watch live broadcasts of Esports matches, making it a captivating spectator sport. With major investments in franchises, teams, and infrastructure development, the sector's growth has accelerated.

Despite existing challenges, the outlook is positive and expected to continue its upward trajectory. Saudi Arabia is at the forefront of developing its Esports market, with a focus on youth engagement and talent development.

With the government's support and investment, along with a growing gaming culture, the Kingdom is well positioned to become a significant player in the industry. Currently, 23.5 million gaming enthusiasts, which is 67 percent of its population, reside in Saudi Arabia. Additionally, there are nearly 1000 players in the Kingdom pursuing Esports as full-time careers.

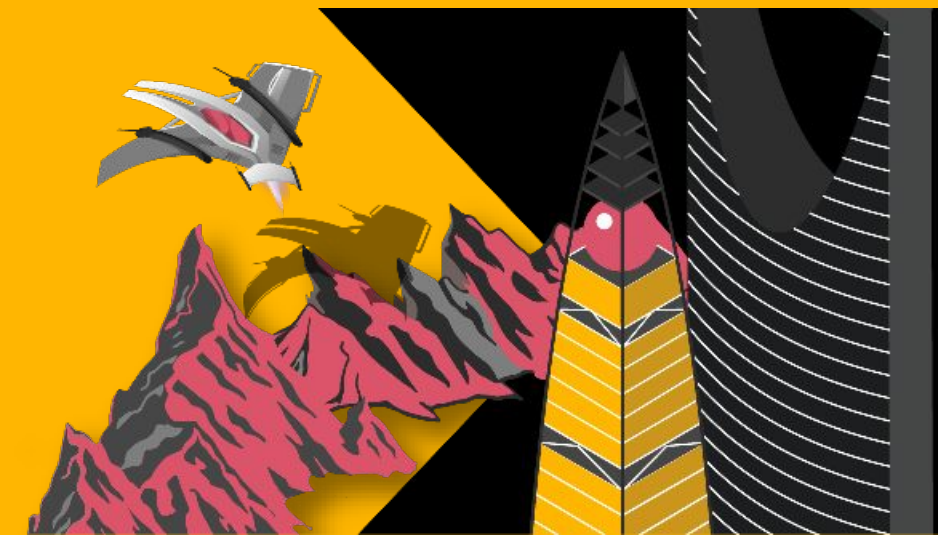
With the recent success of the Esports World Cup in Riyadh, featuring the largest prize pool in Esports history, the writing is on the wall. This promises to be a real game changer for Saudi Arabia and the region.¹⁰



The number of KSA gaming enthusiasts

23.5 million

In this report, we have provided an overview of the current Esports ecosystem in the region and highlighted Saudi Arabia's pivotal role in driving growth and innovation within the industry. By examining the contributions of various stakeholders, we underscore the collaborative efforts that are shaping the future of Esports. Looking ahead, our next reports will provide an in-depth analysis of key stakeholders and emerging opportunities, offering valuable insights into the continued evolution of this vibrant sector.



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