

## Something I Changed My Mind About Recently

Now that everyone and their brother has a podcast I've noticed some of the lexicon making its way into everyday life.

I've gotten a few of the following questions more than once in recent years:

*If you had to put one sentence on a billboard what would it say?*

*What advice would you give your younger self?*

*What have you changed your mind about recently?*

The answer to the last one has come up a couple times in the past week for me.

The first thing I've changed my mind about is fireworks.

I used to be a fan. Nothing crazy but I could enjoy a good Roman candle or bottle rocket in my younger days.

Not anymore with three young kids who go to bed early. Call me unpatriotic if you want but I would be fine if I never heard/saw fireworks again after the countless times they woke up my little ones around the 4th (yes, I'm still slightly bitter but I'll get over it).

The other thing I've changed my mind about is esports. [On last week's podcast](#), we offhandedly discussed an article the [Wall Street Journal](#) about the growing popularity of professional video game players and their fans.

I'll admit my knowledge of this subject was slim-to-none before reading this one. I immediately dismissed the idea, mainly because I was never a big video gamer myself but also because I didn't really understand how popular this stuff is with young people these days.

Here are some stats and anecdotes from the Journal article:

- Arlington, TX is beginning construction this year on a stadium that will house 100k people devoted exclusively to competitive video gaming.
- Esports is on track to generate nearly \$1 billion in 2018 from north of 380 million people globally.
- Tournaments can last up to 12 hours and resemble a pop concert more than a professional sporting event because of all the lights, noises, and screens.

After reading this I was still somewhat skeptical until I received an email from a podcast

listener named Ryan Krueger. Krueger was himself a skeptic on this industry so he went out and did an exhaustive research piece on the topic.

He sent me his write-up called [Confessions of a Digital Dinosaur: Esports is the Next Great Traditional Sport](#) and I wanted to highlight some of his findings because I came away a believer after reading:

- More people in the 18-25 years old age group regularly watch and play esports than any other traditional sport.
- A small town in Poland hosted an event this year that was watched live by people from 180 different countries. The audience was 3x as large as it was for the most recent MLB World Series. More people attended this event in person than the last 3 Super Bowls combined.
- The esports audience in Asia is 4x larger than it is in the U.S., so this is truly a global phenomenon.
- One event in a tournament called the League of Legends was viewed by 80 million fans.
- Twitch is one of the streaming services that allows people to view these events. The service already has a bigger audience than CNN or MSNBC. They get more than 15 million daily unique viewers. They're owned by Amazon (because of course, Bezos was on top of this trend before anyone else).
- The video gaming audience is 5x the size of Netflix subscribers.
- There's a league called Overwatch which has teams owned by people who already own a professional sports team. This list includes Robert Kraft (New England Patriots), Jeff Wilpon (New York Mets), Stan Kroenke (LA Rams and Denver Nuggets) and Dave Scott (Philadelphia Flyers). The teams cost them \$20 million a piece.

Daryl Morey, one of the sharpest GMs in the NBA, said, "I say it all the time because it's true: The three dominant sports in the future are going to be soccer, basketball and esports."

This is a bold prediction but are young people really going to have the attention span for golf, tennis, or baseball? I do take exception with calling video games a sport but we're splitting hairs here.

Krueger says, "I bet most will completely miss one of the biggest investment opportunities (in both public and private markets) I have ever studied in my career."

I'm notoriously bad at predicting how new technologies will impact certain companies and industries so I don't know what the specific investment implications are for this kind of thing.

But it seems to me if the growth of esports continues there will be a lot of big winners and a lot of older investors who completely miss the boat because they dismiss this as a fad.

It could turn out to be a fad but you have to remember this younger generation is the first one to

really grow up with the Internet and all of the social aspects that come along with it. That's bound to have an impact on their tastes and preferences.

Regardless of where things go from here, this seems like a space worth exploring for those looking for new growth opportunities.

Do yourself a favor and read this entire piece by Ryan:

[Confessions of a Digital Dinosaur: Esports is the Next Great Traditional Sport](#)

My mind was blown after reading it and I'm usually fairly dubious about these things.

If nothing else, this is a space to watch going forward to perform some homework on.