**Esports** is organized competitive video gaming. It is not synonymous with gaming and does not refer to gaming influencers that simply stream on Twitch or multiplayer gaming played in a casual environment.

### GROWTH OF ESPORTS

- In 2018, the global esports audience will reach 380.2 million. That number is expected to increase by nearly half in 2021 to reach 557 million.
- Global esports revenue is significant with PwC placing it in the high $500 millions and Newzoo placing it at $906 million for 2018. PwC and Newzoo estimate growth of around 50-80% by 2021.
  - (Source: PwC, Global entertainment and media outlook, 2017 to 2021).
- The largest component of revenue is sponsorship followed by advertising and media rights.
  - Stats sourced from Newzoo, 2018 Global Esports Market Report unless otherwise noted.

<table>
<thead>
<tr>
<th>Esports Revenues Worldwide, by Segment, 2018</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esports revenues</td>
<td>% of total</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>$359.4</td>
</tr>
<tr>
<td>Advertising</td>
<td>$173.8</td>
</tr>
<tr>
<td>Media rights</td>
<td>$160.7</td>
</tr>
<tr>
<td>Game publisher fees</td>
<td>$116.3</td>
</tr>
<tr>
<td>Merchandise &amp; tickets</td>
<td>$95.5</td>
</tr>
<tr>
<td>Total</td>
<td>$905.7</td>
</tr>
</tbody>
</table>

Note: numbers may not add up to total due to rounding.

**Source:** Newzoo, “2018 Global Esports Market Report,” Feb 21, 2018

### BENEFITS

- The esports audience is:
  - **Young:** In the U.S., 75% are between the ages of 18 to 34 – with an average age of 25 (Source: Nielsen Esports Fan Insights).
  - **Diverse:** 16% are female, 15% are Hispanic, and 9% are African American (Source: Interpret’s New Media Measure Survey, Q2 2015 to Q2 2017).
  - **Affluent:** 43% of esports enthusiasts have an annual household income of $75,000 per year or higher (Source: Mindshare, Esports Fans: What Marketers Should Know, June 2016).
  - **Passionate:** 49% of esports enthusiasts spend most of their free time around esports. (Source: Mindshare, Esports Fans: What Marketers Should Know, June 2016).
- Esports, with its predominantly digital distribution, provides a way for marketers to reach an audience that is increasingly comprised of cord-cutters and cord-nevers. 38% of US esports fans do not spend money on a monthly standard TV package (Source: Nielsen Esports Fan Insights).
- 58% of esports fans in the US have positive attitudes toward brand involvement in esports. (Source: Nielsen Esports Playbook, 2017).

### BEST PRACTICES:

- Don’t overcomplicate it. Just as with traditional sports, there are many different marketing opportunities. Marketers can select to partner with a league, team, player, etc. Then typical decisions need to be made such as campaign size, length, etc.
- Identify ways to reach and engage with the esports audience authentically. For example, a brand can create custom branded content with esports players to give the audience tips about a game. This creates a value exchange.

### CHALLENGES

- **Ad blocking:** There is a higher incidence of ad blocking among the esports audience. 63% of esports fans report using ad blockers. Server side ad insertion is one solution to this. (Source: Nielsen Esports Fan Insights).
- **Measurement:** There is no standard audience measurement for esports.
- **Brand safety:** As marketers determine what type of content they want to be associated with, brand safety can be a concern.
Publishers develop games and control all related intellectual property, allowing their games to be played competitively, streamed, or recorded. Leagues and tournaments are organized by the publisher or an independent production studio (where the publisher has sold the right to organize the event). Leagues and tournaments span from collegiate to pro level.

Esports orgs are formed separately from the league (often having teams in multiple games like Cloud9) or as a franchise as part of a specific league like Overwatch. Some games aren’t team based and these players usually don’t operate as part of a larger team.

Event appearances, talent endorsements for products through branded signage or audible shout out during live stream

Digital advertising, commercials within linear broadcast of esports content (done with publisher/league), sponsored broadcasts, ads on website homepage

Branded signage, branded merchandise like clothing or keychains

Utilize audience data to determine which team, distributor, etc. is best match for campaign goals; use post campaign study to understand value of sponsorship

League naming rights, branded content, sponsored segments, incorporate directly into game IP rights, in-broadcast advertising to bypass ad-blocks the media player may be prone to.

Include logos on player jerseys, sponsor products in team’s social channels and player streams, create custom branded content and can leverage team members’ popularity across social channels.