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MARKETER'S GUIDE TO ESPORTS: HOW TO GET IN THE GAME

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.

Esports Revenues Worldwide, by Segment, 2018 *millions and % of total*

	Esports revenues	% of total	
Sponsorship	\$359.4	40%	
Advertising	\$173.8	19%	
Media rights	\$160.7	18%	
Game publisher fees	\$116.3	13%	
Merchandise & tickets	\$95.5	11%	
Total	\$905.7	101%	

Note: numbers may not add up to total due to rounding Source: Newzoo, "2018 Global Esports Market Report," Feb 21, 2018

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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.



ESPORTS MODELS

There are two different models for esports organizations:

- Franchise model: Each franchise within the organization pays to have a persistent spot. This is similar to the structure of traditional sports leagues.
- Non-franchise model: Teams are transient. They can compete their way into the organization and can also lose their spot.

Source: Overwatchleague.com, Robert Paul for Blizzard Entertainment

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).

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.

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PUBLISHERS	LEAGUES, TOURNAMENTS, ORGANIZERS	ORGANIZATIONS/ TEAMS	TALENT/ TALENT AGENCIES	MEDIA/ PLATFORMS	VENUES	STRATEGY, PLANNING, MEASUREMENT
Publishers develop games and control all related intellectual oroperty, 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).	Esport players can play in a team or independently depending on the game. Both players and broadcast hosts can have active social followings and be seen as "influencers". Most are represented by agencies and have signed contracts to specific teams/leagues.	These platforms stream or broadcast esport leagues, tournaments, and events.	Competitions can be held at physical venues. These venues bring esport fans together to watch players/teams compete in tournaments.	Ad agencies and research companies are assisting with audience, viewing, and spo sorship research to help with esports strategy, planning a post campaign reporting.
 MOBILE FOCUSED Gameloft King Super Evil Megacorp Supercell PC/CONSOLE FOCUSED 2K Games Activision/Blizzard Capcom Electronic Arts Epic Games Hi-Rez Studios Nintendo Psyonix Riot Games Valve Warner Bros. Interactive Entertainment 	 CSL (Collegiate Starleague) DreamHack ELEAGUE ESL Evolution Championship Series (Evo) FIFA Interactive World Cup Hearthstone Championship Series Heroes of the Storm Global Games League of Legends (franchise model) Madden NFL Club Championship NBA 2K League (franchise model) Overwatch League (franchise model) Rocket League TESPA World of Warcraft Mythic Dungeon 	ENDEMIC ESPORTS ORGS/TEAMS (BORN AND BRED IN ESPORTS) • Cloud9 • Counter Logic Gaming • Digital Chaos • Evil Geniuses • OpTic Gaming • Team EnVyUS NON-ENDEMIC ESPORT ORGS/TEAMS (DO NOT HAVE ITS ORIGIN IN ESPORTS) • Cleveland Cavaliers, Matthew Haag (team: League of Legends - 100 Thieves) • Golden State Warriors, Joe and Kirk Lacob (team: NBA 2K - Golden State Warriors) • Mets, Jeff Wilpon (team: Overwatch - New York Excelsior)	 FALENT Auguste "Semmler" Massonnat, Overwatch broadcaster Brandon "Seagull" Larned, Dallas Fuel Seth "Scump" Abnet, OpTic Tarik Celik, Cloud9 TALENT AGENCIES While the major talent agencies are not involved in a huge way today, they are exploring esports and many small agencies are popping up. 	 MOBILE Mirrativ Mobcrush ONLINE STREAMING Facebook Mixer MLG Twitch Twitter YouTube TELEVISION CW ESPN NFL Turner 	ENDEMIC VENUES (PURPOSE BUILT FOR ESPORTS) • Blizzard Arena (CA) • Esports Arena (Vegas) • MLG.tv Columbus Arena (OH) • Riot Battle Arena and Battle Theater (CA) NON-ENDEMIC VENUES (TRADITIONAL VENUES (TRADITIONAL VENUES TATA HOST ESPORTS EVENTS) • Key Arena (WA) • Madison Square Garden (NY) • Staples Center (CA)	AD AGENCIES • Mindshare • Scout Sports & Entertainment (part of Horizon) • Zero Code (part of OMD) MEASUREMENT/ RESEARCH COMPANIES • ComScore • FanAl • GumGum Sports • Interpret (New Med Measure survey) • Newzoo • Nielsen • SuperData
MARKETER PARTNERSH League naming rights, brand segments, incorporate directly in-broadcast advertising to by player may be prone to.	led content, sponsored y into game IP rights,	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	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