

Esports 101 & Brand Integration Study



Esports Ad Bureau - Overview

- ▶ Dedicated to accelerating ad spending on esports opportunities by U.S. based marketers
 - ▶ Facilitates **value proposition** messaging common to all Members
 - ▶ Provides esports **ad landscape education** and guidance to agencies and brands
 - ▶ Promotes **best practices** and **accepted metrics**
 - ▶ Fields **research studies** that support the value proposition



Esports is About

Large audiences of hard to reach Millennial consumers passionately involved in playing and watching other players engaged in competitive video games



Esports is About

- ▶ First and foremost...**Sports**

- ▶ Gaming, Digital, and TV are components, the overall business perspective is that of Sports and Sports Marketing
- ▶ A global phenomenon, now in the US, growing quickly
- ▶ Quality Programmers demonstrating leadership including



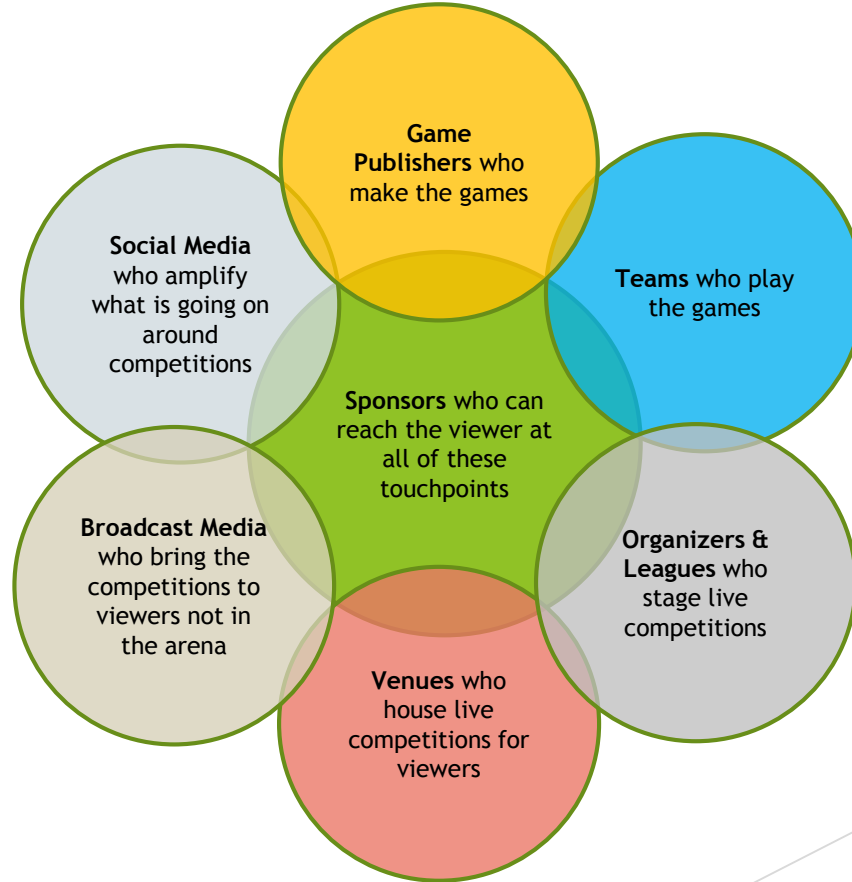
- ▶ Various games reaching different desirable audiences who both play and view matches
- ▶ Reaching these fans in multiple places

Esports is About

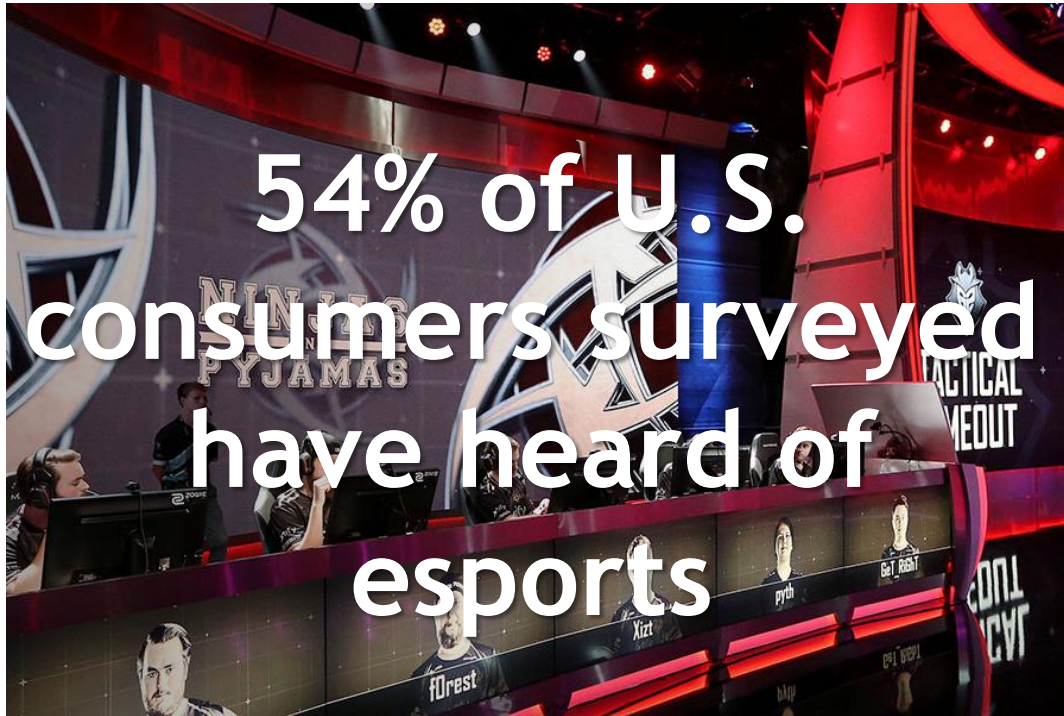
Has Evolved in the United States from Niche to Mainstream

- ▶ Sponsorship investment from **blue chip brands**
- ▶ **Colleges** have received large financial investments and resources from college conferences, including Big 10 and Pac-12, to develop esports programs on campus
- ▶ **Crossover appeal** with traditional players and owners investing in esports teams **recognizing** esports reinforces their brand
- ▶ New source of premium content programming for **traditional media** who have realized esports reaches new fans

Esports is Ad Ecosystem



Desirable Fans – U.S.Audience



Source: Magid, Esports Report, July 2018

Desirable Fans – U.S.Audience



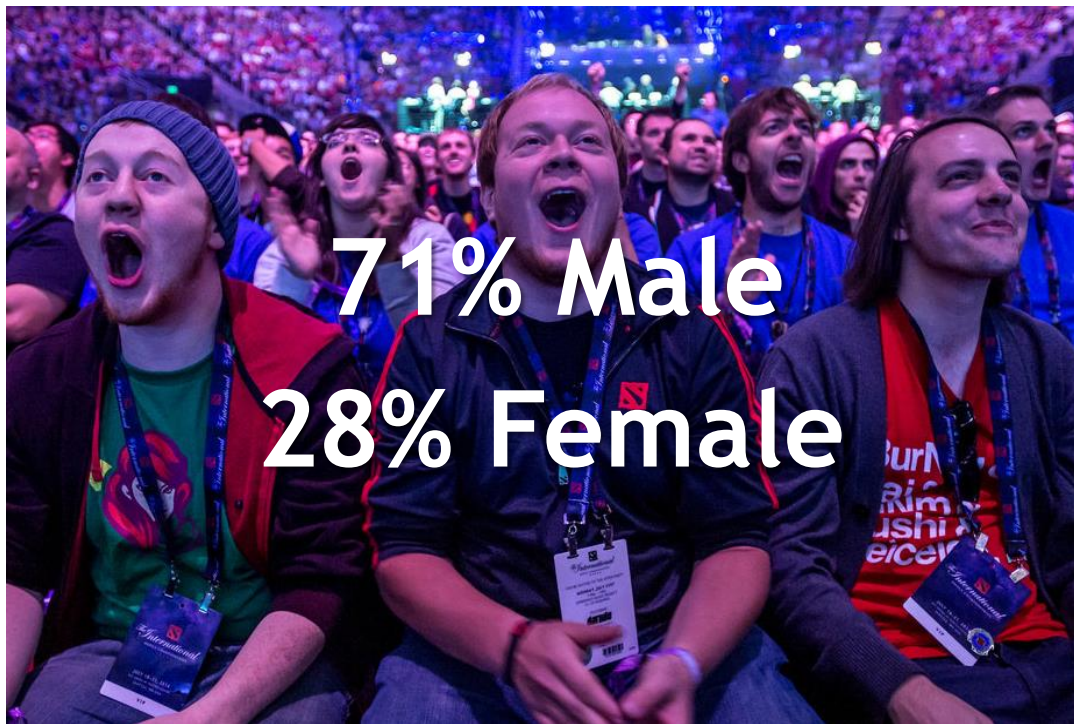
Source: Esports Ad Bureau, Audience Study, April 2018

Desirable Fans – U.S.Audience



Source: Esports Ad Bureau, Audience Study, April 2018

Desirable Fans – U.S.Audience



Source: Esports Ad Bureau, Audience Study, April 2018

Desirable Fans – U.S.Audience



Source: Esports Ad Bureau, Audience Study, April 2018

Tech-Savvy: Multiple Platform

Esports Fans Are Heavy Users of Media

Average Time Spent Last Seven Days

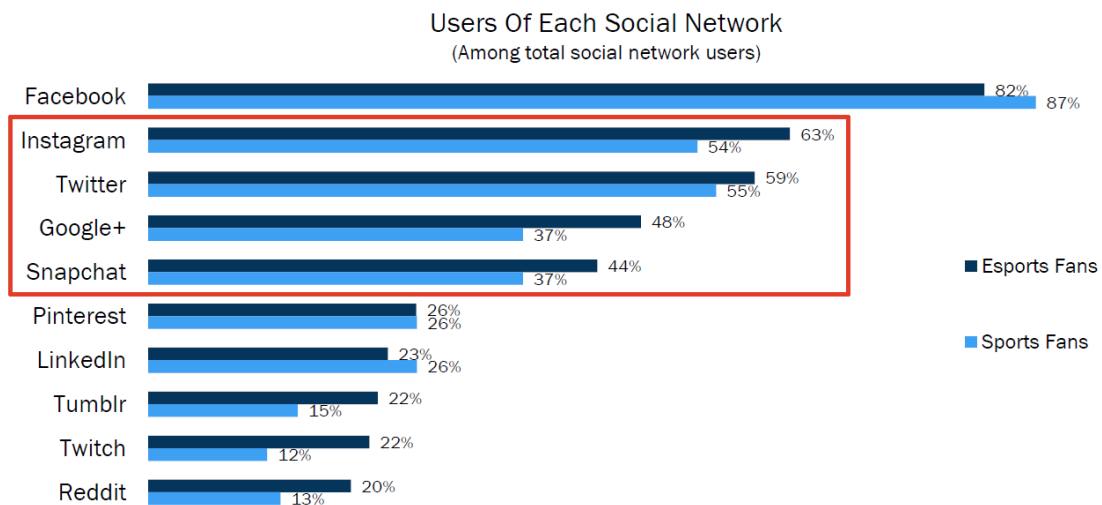
eSports Fans vs. **Sports Fans**

hours : minutes

 E-Reader	 Game Console	 Magazines	 Mobile Phone	 PC at Home	
6:21	10:17	4:46	14:30	9:43	
7:20	8:43	3:48	12:15	9:03	
 PC at Work	 Radio	 Tablet	 Television	 Streaming Media	
12:48	8:09	7:19	13:20	7:59	
13:09	7:15	7:49	14:11	8:12	

Tech-Savvy: Social

Esports Fans Overindex On Secondary Social Networks



Base: Social network users N=2147. Q65: Which of the following social networking sites are you currently using? Select all that apply





Magid 19

Tech-Savvy: Ad-Blocking

- ▶ Two out of three Millennials use an ad blocker on a desktop or mobile device
- ▶ 36% in pre-roll ads on short-form videos; 28% for long-form content such as a TV series
- ▶ Work with quality partners who know how to navigate
 - ▶ Majority of Cable VOD is fast forward disabled
 - ▶ Twitch embeds ads in live stream, so no skipping
 - ▶ Linear TV is, by nature, not skippable
 - ▶ Live events are, by nature, not skippable
- ▶ Not as big an issue in the US for premium content as in international

Tech-Savvy: On Demand Video

- ▶ Esports viewers do “watch TV”, but with lots of On Demand
- ▶ Netflix, YouTube, and Cable VOD being top three ways

	eSports: Millennials	eSports: Gen X
	42%	42%
	34%	38%
	33%	35%
	26%	10%

Source: Leger, Insights Around Esports, June 2016

Attend Live Events

Esports Fans Have an Active Community with Almost Half Having Attended a Live Esports Event

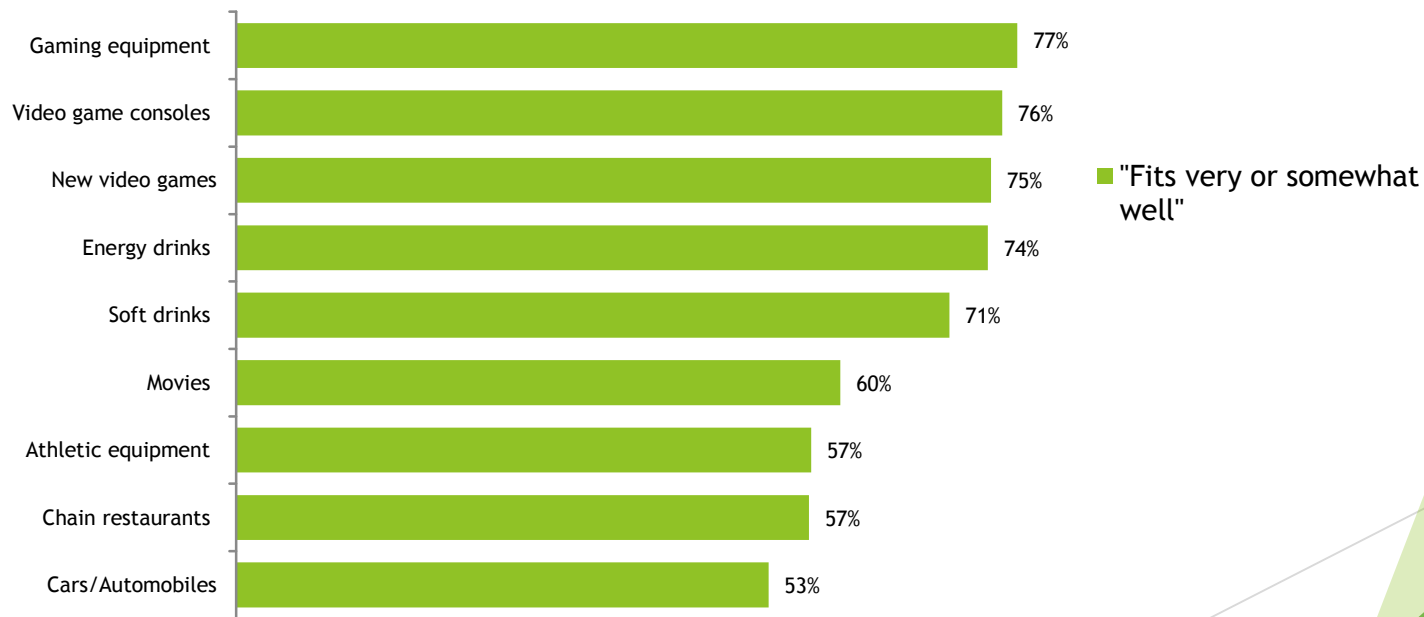
Of Events Attended, What Venues Have You Been To?



Source: Esports Ad Bureau Brand Study, with Frank N. Magid Assoc, March 2017

Open To Advertising

How Well Each Category “Fits” to Esports Fans



Source: Esports Ad Bureau Brand Study, with Frank N. Magid Assoc, March 2017

Open To Advertising

How Esports Fans Receptivity Match Against All Sports Fans

Attitudes About Sports Sponsorship (Any Agree)	All Sports Fans	eSports Fan	Index to All Sports Fans
If my favorite team/athlete wears a new brand, I try to buy the same one	10%	29%	288
Loyalty to my favorite team/athlete means I support their sponsors, no matter what	12%	31%	263
When my favorite athlete/team/league switches sponsors, I am inclined to support the new sponsor as well	12%	30%	260
I believe a product is better if my favorite team/athlete supports it	12%	30%	253
I am more willing to try a new brand if it sponsors the teams I follow	15%	35%	236
I try to always support company sponsors of my favorite athlete/team/league by purchasing their products	12%	26%	216
When a company sponsors my favorite athlete/team/league, I think more highly of the company	18%	35%	193
I notice brands my favorite athletes use/wear even off the playing field	17%	32%	191
I notice brands that teams and athletes use/wear during games/events	25%	43%	172
I think sponsors of sporting events are critical to the success of sports	30%	40%	134

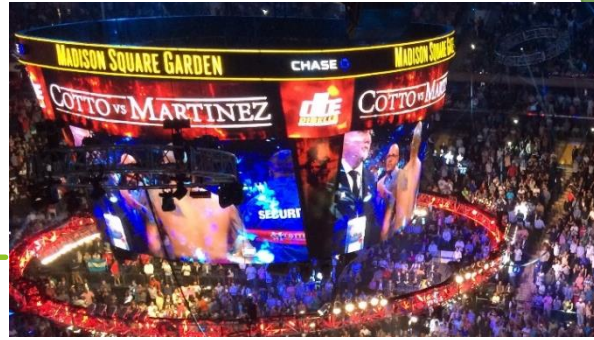
Multiple Opportunities

- ▶ Live TV spots and VOD spots
- ▶ Live Streaming spots and VOD spots
- ▶ TV & Streaming Sponsor Integration
- ▶ Streaming In-game banners
- ▶ Editorial banners
- ▶ Custom Content



Multiple Opportunities

- ▶ On-Site Event / Venue exposure
- ▶ Promotional / Licensing rights
- ▶ Sampling
- ▶ Team Sponsorship
- ▶ Social interactions
- ▶ Talent / Social influencer



Brands Are Diving In

Non-Endemic Categories Include:

Movie Studios

Automotive

Quick-Serve Restaurants

Beer

Financial

Insurance

Personal Care

Cereal

Candy

Snack Food

Soft Drink

Telecommunications

Magid

eSports
AD BUREAU



Brand Integrations and the U.S. Esports Audience

A Study Commissioned by the Esports Ad Bureau and Conducted by Magid Advisors

2017

STUDY BACKGROUND

This Study's Objectives

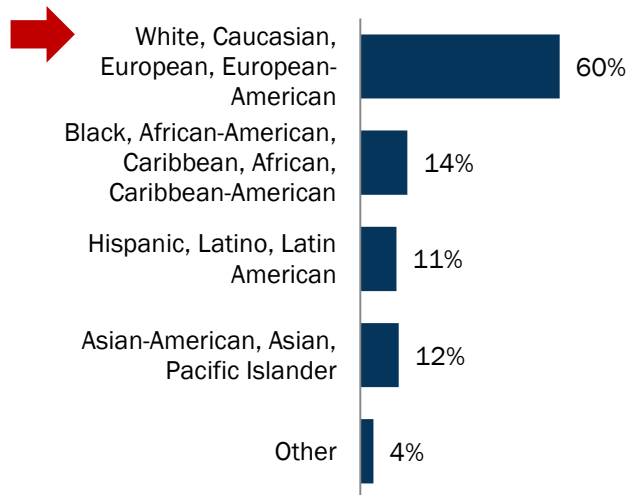
1. Determine the value of the esports audience to brands
2. Understand which brand categories and products could be most effective to promote to the esports audience
3. Explore current and potential brand engagements at live esports events

This Study's Methodology

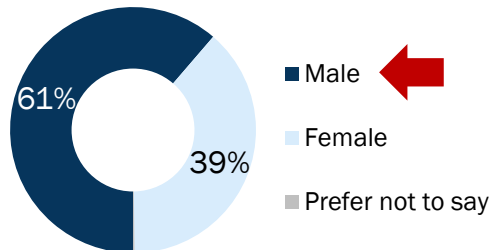
- Conducted March 2017
- Sample of 1,000 16 to 45 year-olds who watch TV, movies, sports, or play video games
 - Three buckets of esports viewers
 -  **Active** – Viewed in last three months
 -  **Lapsed** – Have viewed, but not in last three months
 -  **Potential** – Interested in viewing the next three months
 - **Total** - All three of the above

This Study's Audience Profile

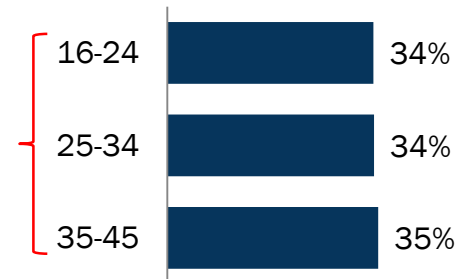
Ethnicity/Background



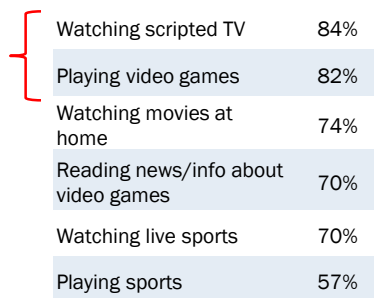
Gender



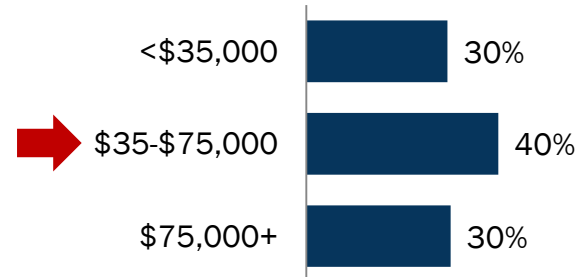
Age



Weekly Activities



Income

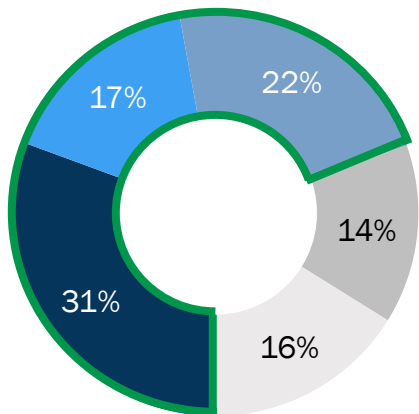


ESPORTS VIEWERS

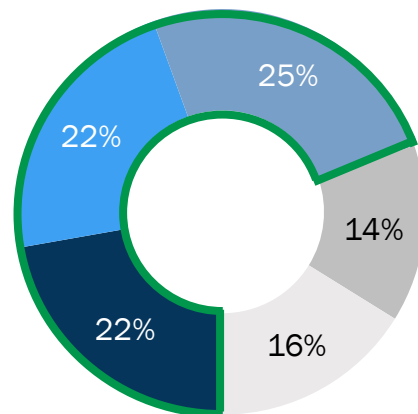
70% of Viewers Began Watching in the Past 12 Months

“When did you first begin watching esports?”

Active Esports Viewers



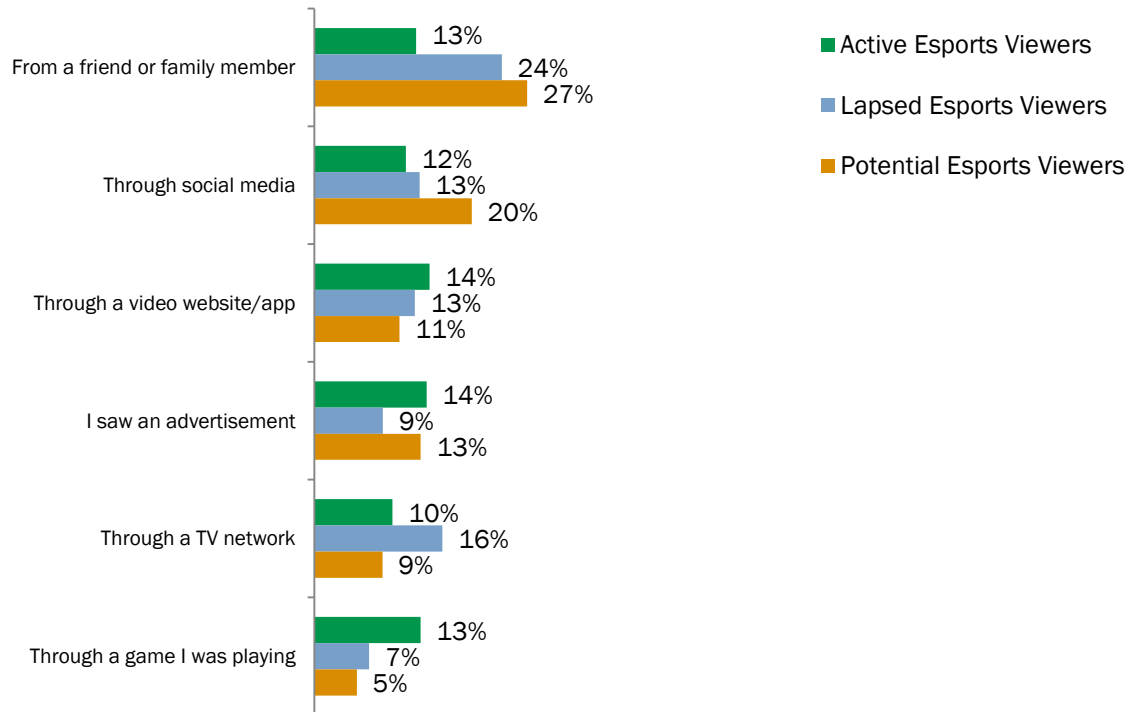
Lapsed Esports Viewers



- Within the last 6 months
- Within the last 9 months
- Within the last year
- Within the last 2 years
- More than 2 years ago

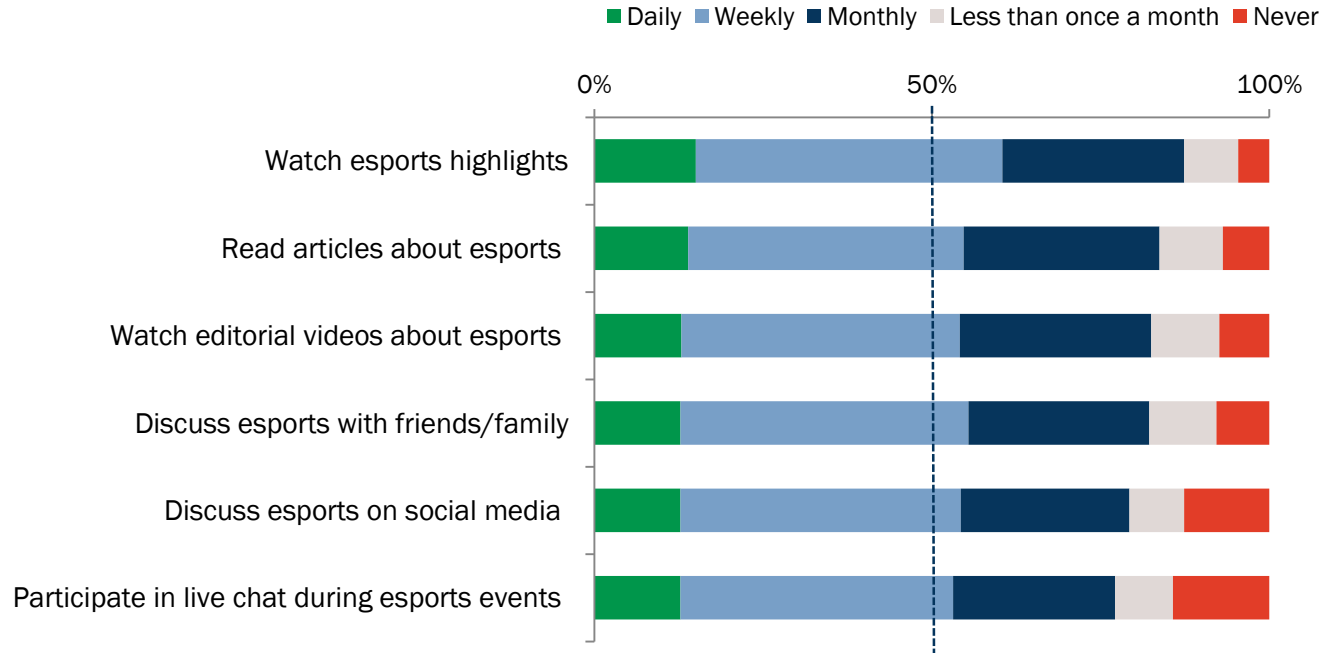
Viewers Discovered Esports Various Ways

“How did you first find out about esports?”



A Highly Engaged Audience with Over 50% Active at Least Once A Week

How Often Do You Do the Following?



An Avid Video Viewing Audience Subscribing to Both Pay TV and Over-the-Top Services

Pay TV
(Cable, Satellite, Telco)

Esports viewers 87%

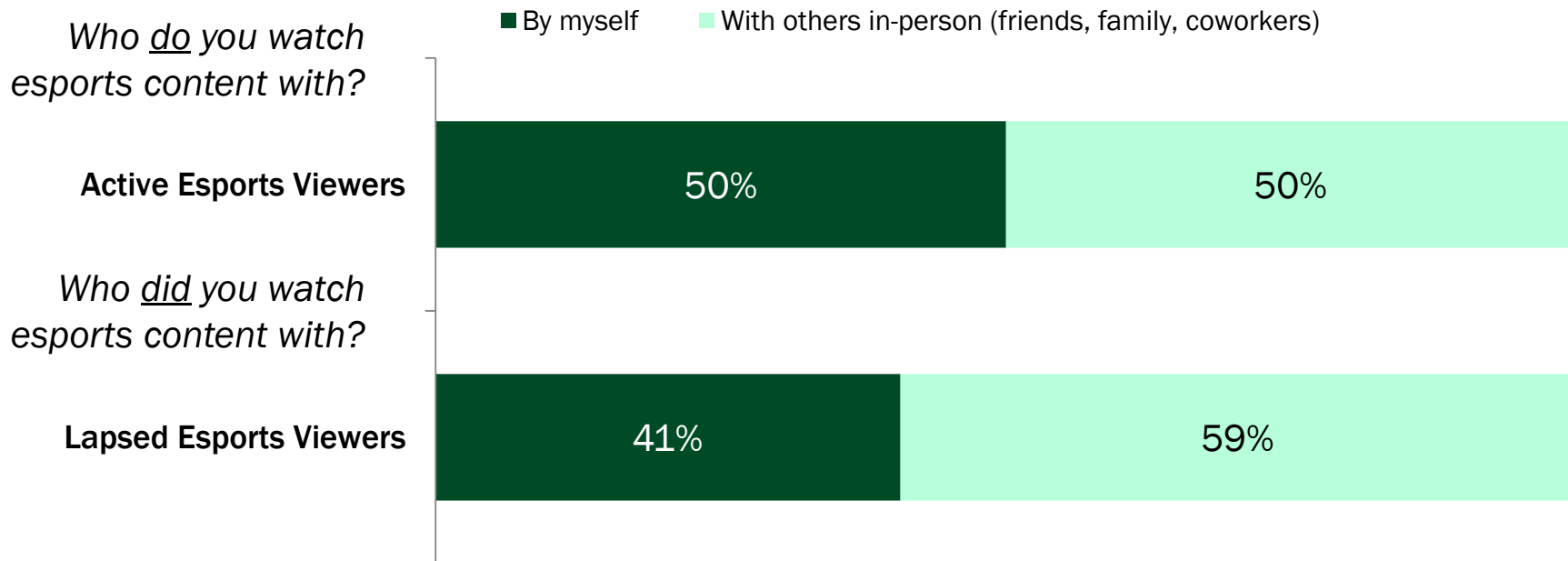
Vs. all 16-45 year olds* 81%

Over-the-Top
(Netflix, HBOGo, Hulu Plus etc.)

Esports viewers 90%

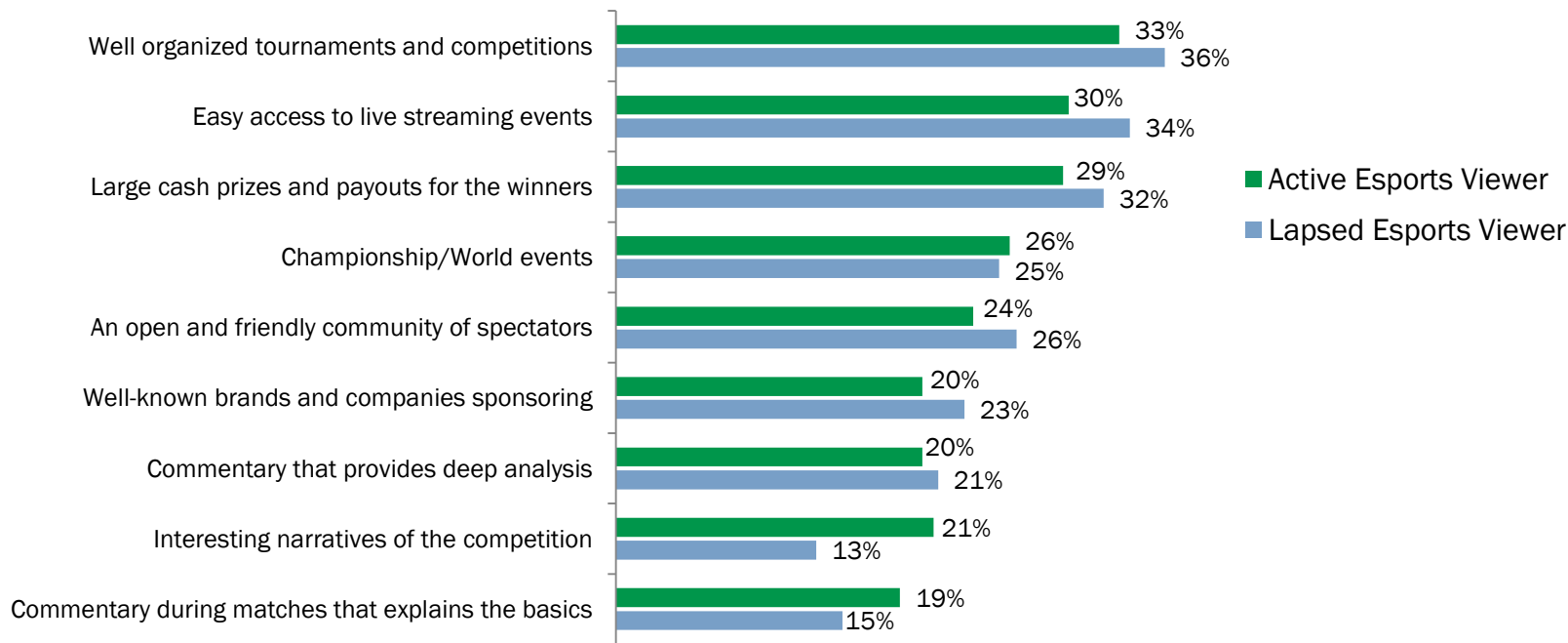
* Source: 2016 Magid Media Futures, a study fielded in June of 2016 with a sample N=2400 US consumers

Half of all Active Viewers Watch Esports by Themselves; Lapsed Viewers Are More Likely to Co-View In-Person



What Makes a Great Esports Experience Varies

“What are the most important aspects for a great esport experience?”



WOMAN VIEWERS AND ESPORTS

Women are a Key Factor for Future Esports Growth

- Almost half of the people who play electronic games in the US are women
- Therefore, gaming, in general, is familiar to this cut of the population
- They are starting to discover specifically esports more and more...

Women are a Key Factor for Future Esports Growth

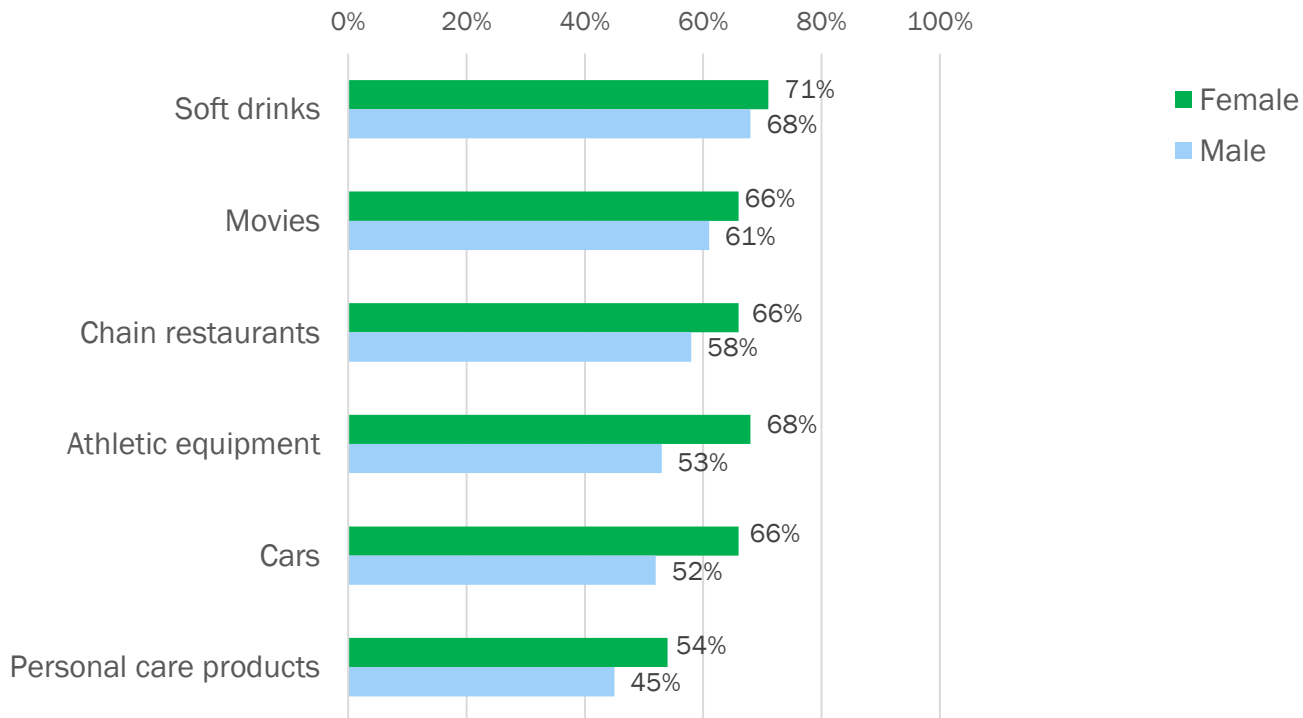
- Nearly 1/3 of the US esports audience is **currently** comprised of women, age 16 to 45, with an average age of 31 *
- 78% of these women began following esports within the past year
- Nearly 50% of the audience most interested in watching esports in the near future are women

72% of Women Discovered Esports Through Passive Means

- Passive includes word of mouth, social media, advertisement, or a general news website
- 28% discovered through Active means, including active game play, video streaming and related platforms, or reading gaming websites
- Contrast this with men who discovered esports through a 50% Passive, 50% Active mix

Like Other Mediums, Women View Non-Endemic Categories a “Good Fit” in Esports

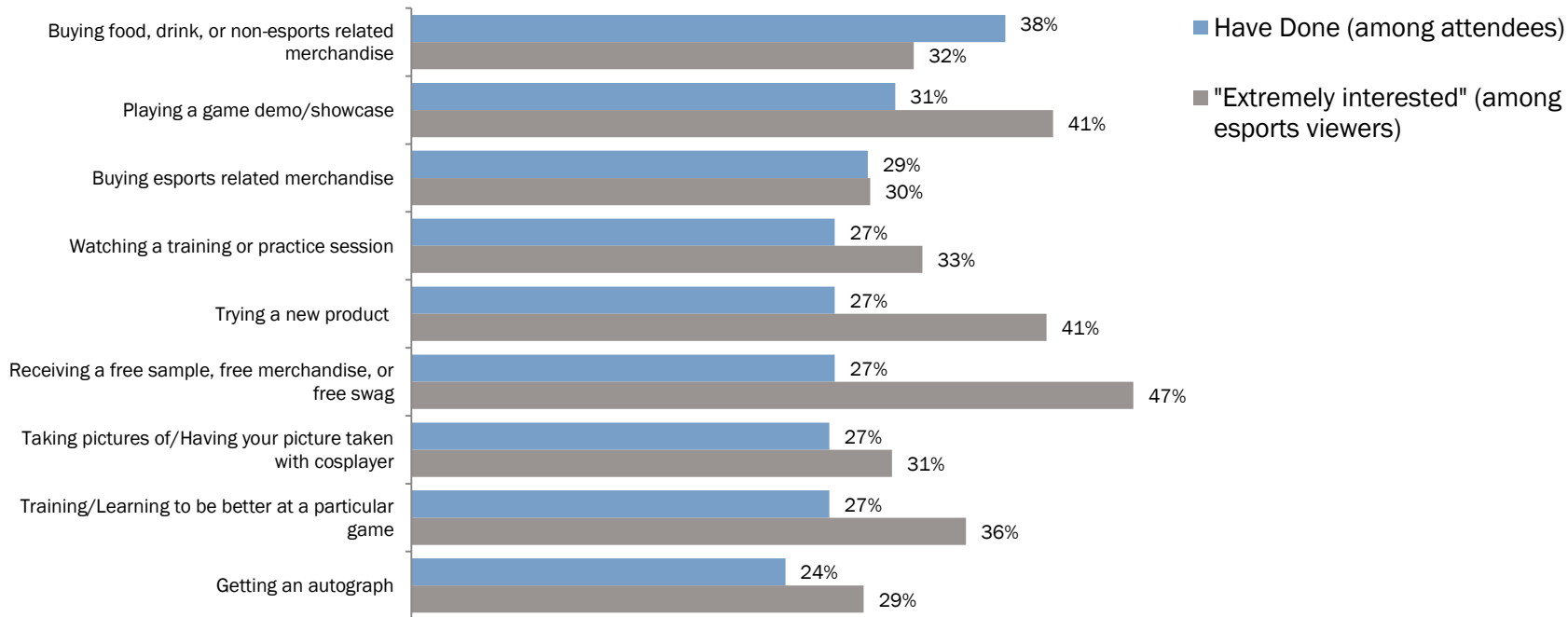
We asked “How Well Does Each “Fit” in esports?”



LIVE EVENTS

Open to Sampling Products & Services at Live Events

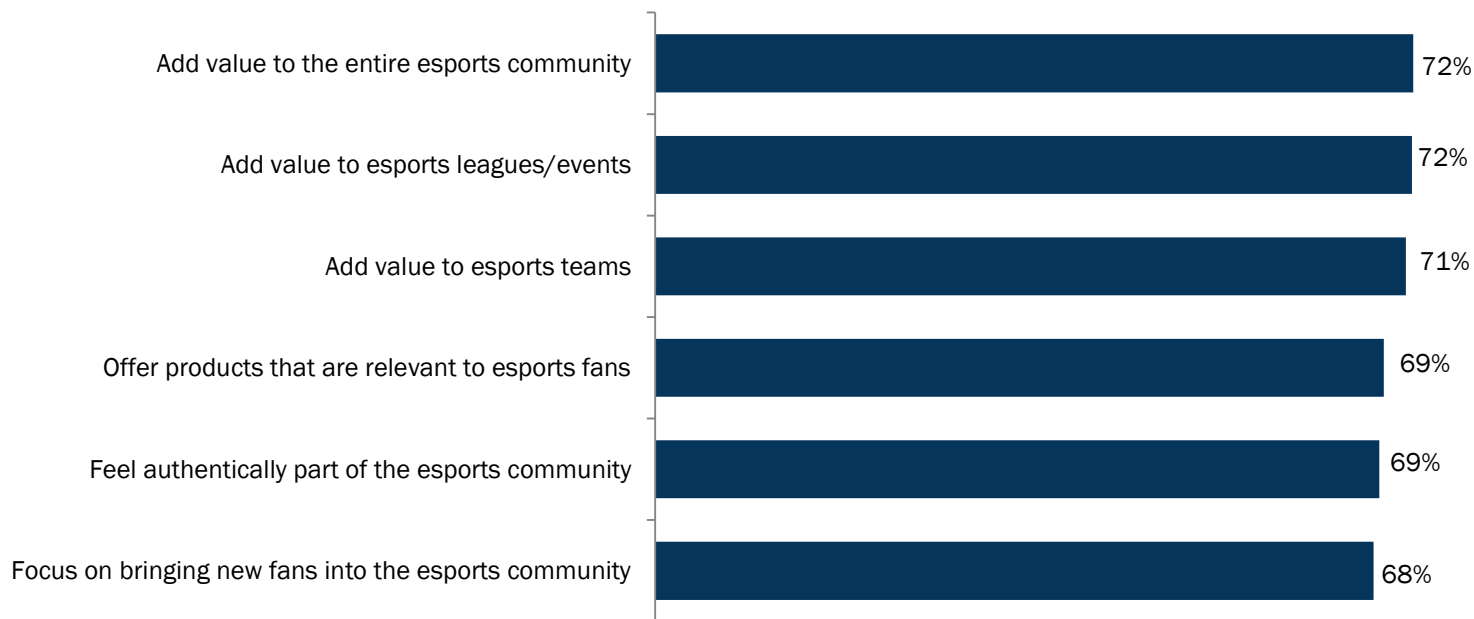
Which Have You Participated In and/or Interested in Trying?



CATEGORY & BRAND INTEGRATIONS

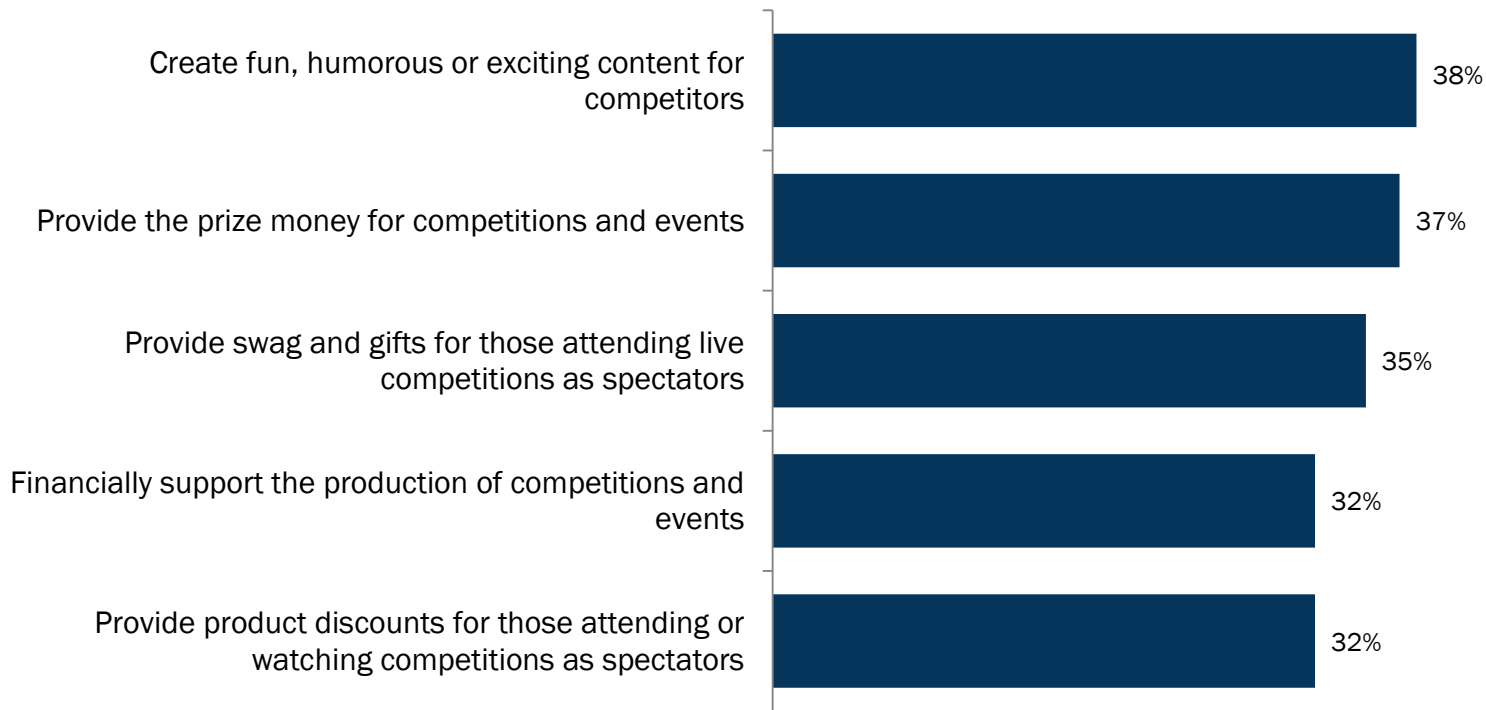
Brand Integrations Need to be “Authentic”

How Important Is It for Esports Advertisers to...?



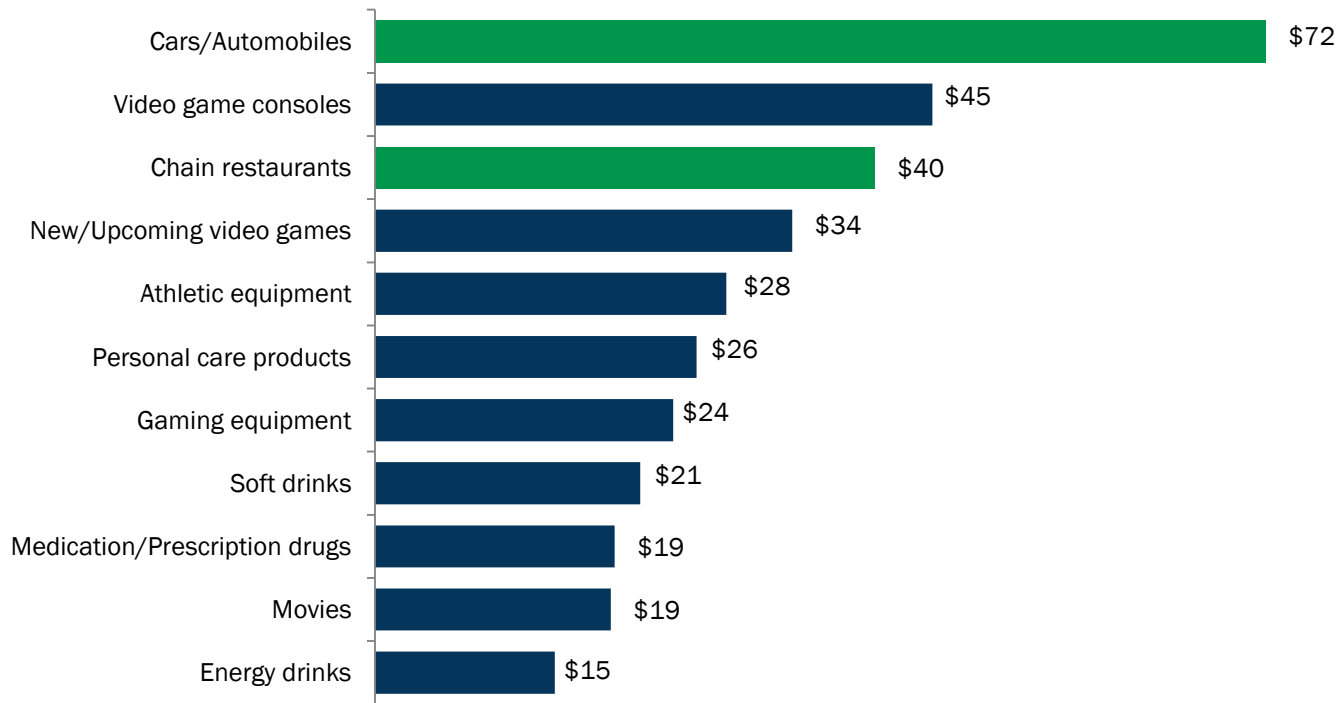
Acceptable “Authentic” Brand Integrations

What Do You Want Esports Advertisers and Sponsors to Do?



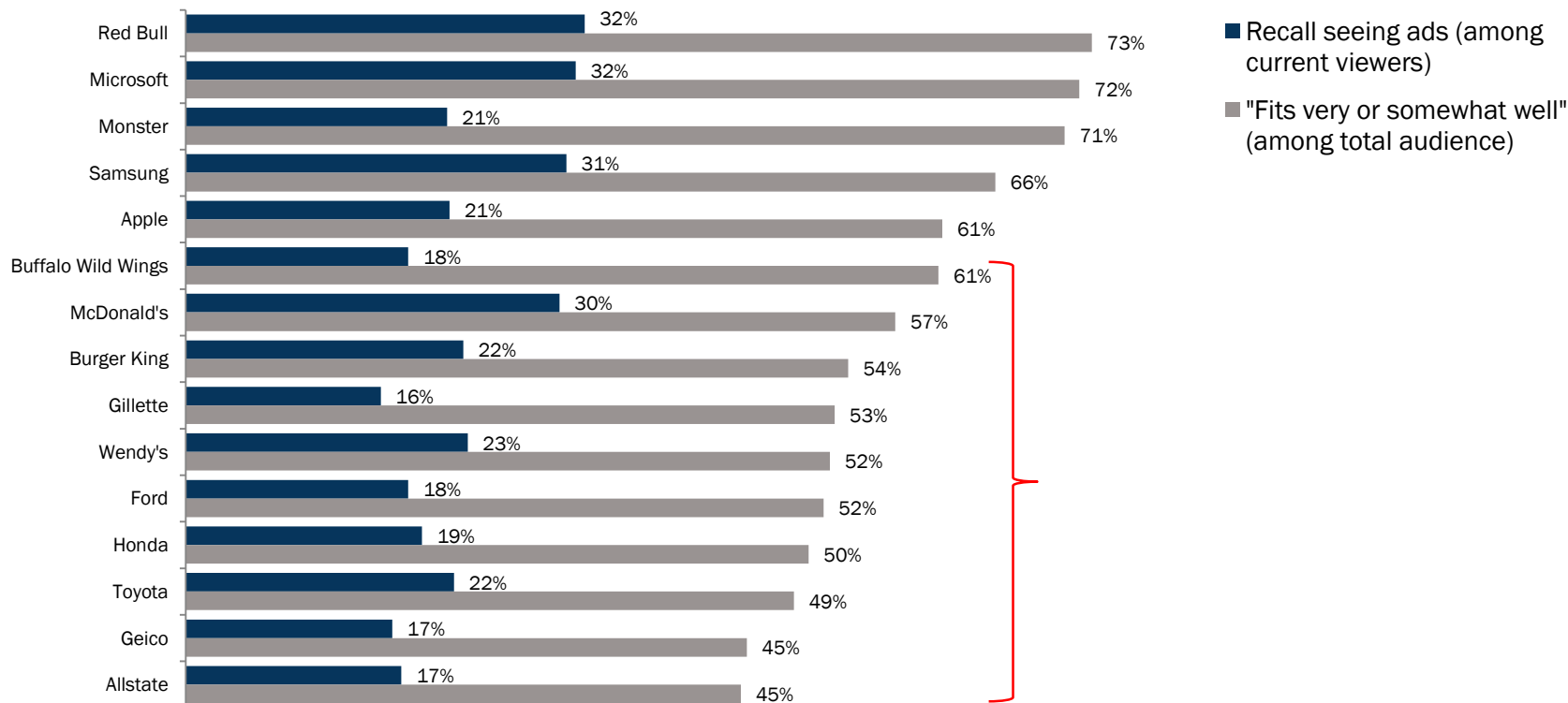
Viewers Spend on a Variety of Product Categories

Average Monthly Spend by Product Category



Non-Endemic Brands Viewed as a “Good Fit”

Which Do You Recall as an Esports Advertiser? How Well Does Each Fit?



Base: Total Sample, N=1000, Esports Viewers, N=539;

B.1 In the past 3 months, which of the following specific companies or brands, if any, do you recall advertising during esports events you were watching?

B.4 How well do you think each of the following specific companies or brands, would fit as advertisers or sponsors of esports matches and events?

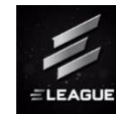
Esports Recommendations

- ▶ Make someone or a group responsible
 - ▶ Experience suggests dedicated esports or Sports Marketing is best positioned to drive the Gaming, Digital Media, TV media, On-site and Social components
- ▶ Utilize Sports Sponsorship model
 - ▶ Media supports the overall package
- ▶ Align with quality content and distribution partners
- ▶ Get comfortable with how this audience behaves and techniques used to reach and measure them
 - ▶ Anti ad-block methods
 - ▶ Multiple reporting sources
 - ▶ Speak to them as an endemic
- ▶ Remain focused on making an execution happen
 - ▶ Recognize details of each execution may be fluid

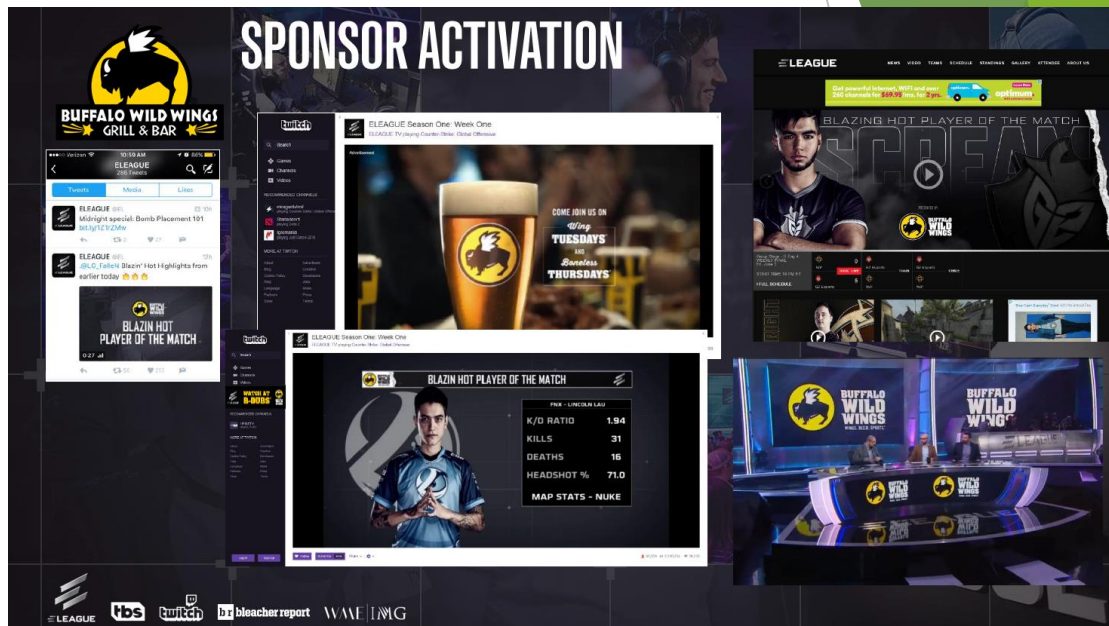
Case Studies

Case Studies

Turner ELEAGUE & Buffalo Wild Wings



- ▶ Client: Buffalo Wild Wings
- ▶ Partners: Turner ELEAGUE
- ▶ BWW Goals
 - ▶ Lend value to esports community
 - ▶ Bring BWW brand awareness to esports community
 - ▶ Drive traffic to restaurants
- ▶ Execution
 - ▶ Broadcast spots, on-set exposure, broadband spots, social exposure
 - ▶ Viewing parties at BWW restaurants



Case Studies

ESL & Xfinity

xfinity®

ESL



- ▶ Client: Xfinity
- ▶ Partners: ESL, GMR, Evil Geniuses
- ▶ Xfinity Goals
 - ▶ Lend value to esports community.
 - ▶ Bring Xfinity internet brand awareness to esports community
 - ▶ Target US Xfinity markets
- ▶ Execution
 - ▶ Align Xfinity with Evil Geniuses/ Dota team
 - ▶ Support team house
 - ▶ Support events in two ESL / Xfinity US markets

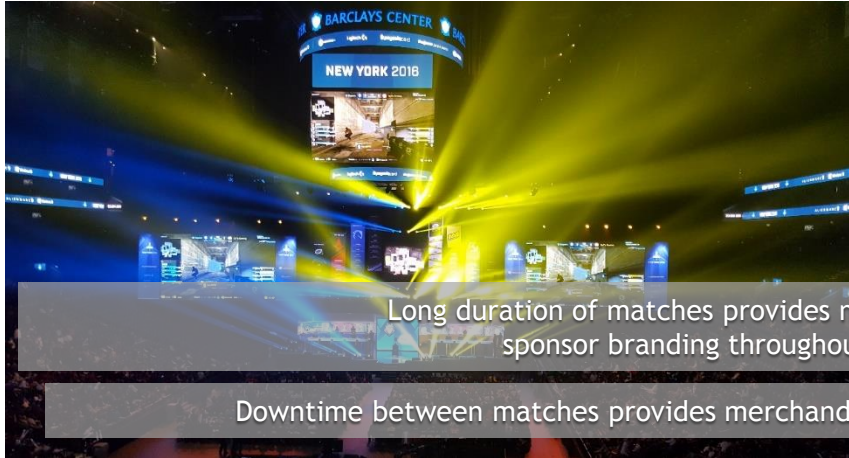
Case Studies



ESL One at Barclay's Center in Brooklyn, NY

- 20 M unique online viewers

- 122 M impressions on Twitter and Facebook



Long duration of matches provides multiple exposures to sponsor branding throughout the arena

Downtime between matches provides merchandise sales and brand engagement



Case Studies



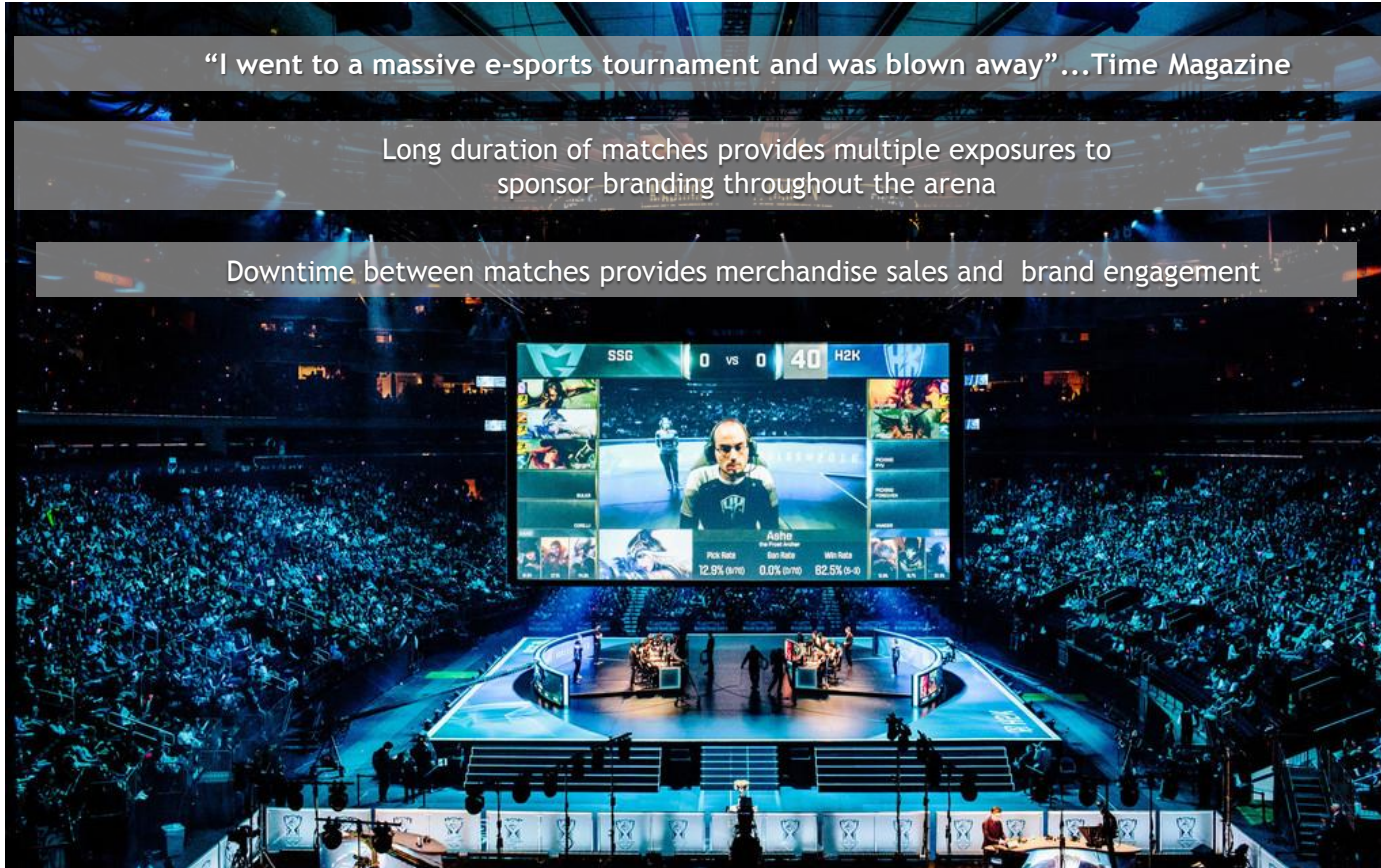
THE
MADISON SQUARE GARDEN
COMPANY

Madison Square Garden

“I went to a massive e-sports tournament and was blown away”...Time Magazine

Long duration of matches provides multiple exposures to sponsor branding throughout the arena

Downtime between matches provides merchandise sales and brand engagement



About Esports Ad Bureau

- ▶ Our links:
 - ▶ [Web: http://www.esports-adbureau.com/](http://www.esports-adbureau.com/)
 - ▶ [Twitter: @esportsAdBureau](#)

Appendix

Nielsen Methodology



Annual data for the Nielsen 360° Gaming Report is collected via consumer online surveys in Q4 of each year using Nielsen's proprietary, high-quality ePanel in the United States.

An additional post-holiday wave of the survey is fielded in January of the following year to assess adoption of gaming devices during the crucial holiday period.



Groups surveyed:

- Teens/Adults Aged 13+: 2000+ interviews among 50% Male / 50% Female sample
- Kids Aged 6–12: 400 interviews (paired with parents, Q4 wave only) among 50% Male / 50% Female sample



Post-survey, raw data is weighted to ensure representation of the US General Population based on US Census data.

Esports Ad Bureau Methodology

- ▶ Data fusion and weighted average from public sources: Nielsen, Magid, New Zoo, and from EAB Members private studies

Magid Methodology

- ▶ Nationally representative online survey of 2,400 consumers ages 8-64. The sample is matched to the US Census. The study evaluates media attitudes and behaviors of consumers as it relates to devices, video, TV, gaming, social networking and more.
- ▶ •This sample represents approximately 200 million Americans
- ▶ •Data was collected from July 21 -August 5, 2016
- ▶ •A high quality online research panel and data collection firm was used for recruitment and data collection
- ▶ Two groups will be focused on in this analysis:
 - ▶ ESPORTS FANS -These are respondents who have ever watched esportscontent (*N size = 621*)
 - ▶ SPORTS FANS-These are respondents who watch, in a typical week, sports-specific channels (*N size = 759*)

Simmons Research Media Methodology

Justifying Brand Investments in eSports

About Simmons Research

Simmons Research is the leading source of cross-channel consumer intelligence. Simmons measures American consumer psychographics, preferences, attitudes, and media behaviors by closely overlaying survey and passively measured data using advanced measurement sciences. For more than 60 years, Simmons has helped leading brands, agencies, and media companies effectively engage with consumers, providing measurement of over 200,000 consumer elements, including all major media, 600 attitudes and opinions, 500 product categories, and 8,000 brands. For more information, please visit www.simmonsresearch.com and follow us on Twitter @simmonsresearch.

About the Sports Fan and Engagement Study

The Sports Fan and Engagement Study allows marketers to understand and analyze sports fandom in the United States across key categories. Get deeper insight into your fans and those in the competitive space; what drives their spending, engagement (digital, traditional, and social), and behaviors, and learn how to maximize the potential of current and future fans. Learn more by visiting: <https://www.simmonsresearch.com/solutions/consultative-services/sports-fan-engagement-study/>.

Leger Methodology

- ✓ The survey was conducted by **Léger**, via an online survey with 1,003 respondents, 18 years of age or older, among the U.S. population from May 24th through May 29th, 2016.
- ✓ Data was balanced and weighted to statistically represent the country by age, gender, ethnicity, and region based on the U.S. Census.
- ✓ Based on this sample size, the results carry a margin of error of approximately $\pm 3.1\%$ at the 95% confidence level, and $\pm 2.6\%$ at the 90% confidence level.

Anatomy Media Methodology

- ▶ The research was conducted from 2,700 Millennials (18-24 years old) between June 29 and July 5 of this year.

New Zoo Methodology

The methodology for Newzoo's esports data consists of three levels: 1) *Data Input*, 2) *Predictive Modeling* and 3) *Result Validation*. For *Data Input*, extensive primary consumer research across the globe sizes and profiles esports awareness and engagement. Newzoo also continuously tracks and analyses company revenues, live event audience figures, prize money, and video content viewer data. *Predictive Modeling* uses parts of Newzoo's Global Games Market predictive model, which consists of several complex databases combining numerous data streams, financial analysis, primary research, as well as population and economic census data. *Result Validation* is done in two ways: through additional research and by discussing findings with companies including game publishers, esports teams, global streaming companies and local media companies