



THE EMERGENCE OF ESPORTS & THE ADVERTISING OPPORTUNITIES WITHIN THE ECOSYSTEM

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A WORD FROM THE AUTHOR

I first learned about esports four years ago. I was having lunch with a guy I went to college with, and he walked up to our table with a bright blue Cloud Nine shirt on and wouldn't stop talking about the previous weekend's tournament during our meal. I knew he was into gaming, but watching someone else play a video game? *Lame.*

Fast-forward to today, I get home from work, let my dog out, and turn on Twitch to watch a livestreamer play a video game. I haven't watched anything on Hulu or Netflix for at least six weeks. I'm already a cord-never, and I'm not alone. I'm a part of the 15 million people who tune into Twitch every single day.

With partnerships and power moves by broadcasters like ESPN and TBS, coupled with investments from sports businessmen like Mark Cuban and Magic Johnson, it's only a matter of time before esports players are not only household names, but ingrained in American culture. Sports culture is being revolutionized by digital. It's here, it's happening, and now is your chance to be a part of the movement. In this guide we teach you what you need to know about esports; the ins and outs of the esports economy, who's watching and why, and how marketers for non-endemic brands can and are thriving in the esports ecosystem.

Thanks for reading and we cannot wait to see how you use this knowledge to inform your advertising strategy in the esports ecosystem.

— THE PMG TEAM

5 ESSENTIAL TAKEAWAYS ABOUT THE ESPORTS INDUSTRY

ESPORTS IS NOT JUST A TREND, IT IS HERE TO STAY

From ESPN launching a new vertical for specific esports coverage to [Overwatch](#) being the first franchised gaming league, the sports industry is rapidly changing right before our eyes. The esports industry is projected to reach at least 557 million viewers by 2020 and easily generate over \$1.4 billion in revenue. As esports investors and game creators break new ground, keep an eye out for more ways fans can experience their favorite esports games as pop-ups, sports bars, esports arenas and casual esports watch parties become more common.

ESPORTS IS COMPLEX AND NOT A ONE-GAME-FITS-ALL SYSTEM

Unlike traditional major league sports where athletes play a single type of game, esports athletes are scattered across a variety of game types that each comes with its own nuances and audience types. It's important to know that the term 'esports' encapsulates every professionally played games from mobile games that typically attract a younger audience to first-person shooter games that draw in a more male adult-skewed audience.

ESPORTS IS A WORLDWIDE ENTERTAINMENT PHENOMENON EXPERIENCING EXPLOSIVE GROWTH

While the epicenter of esports started in South Korea and across Asia, in the past 15+ years, it has quickly spread across the world. Industry [experts](#) predict global esports revenues to hit \$905 million in 2018, an incredible 36% increase from 2017's \$655 million.

With a compound annual growth [rate](#) of 8.2 percent from 2016 to 2020, the esports industry is gaining ground across the globe with Asia, North America, and Western Europe charging ahead by capturing 85% of the global esports audience. In like manner, the estimated 13.5% YOY audience growth is attributed to the improvement of IT infrastructure in Latin America and the Middle East, game franchises, and an influx of young viewers around the world who view esports as a valid entertainment medium.

As Asia maintains its stronghold with the biggest gaming audience, franchising and live events have placed North America as the top revenue-generating market, set to reach an impressive \$345 million in 2018.

ESPORTS IS LEADING THE WORLD'S CHARGE TOWARDS MODERNIZED, LIVE-STREAMED ENTERTAINMENT

The allure of esports is its ability to connect the audience to the esports players, streamers and other fans in the community in real-time, all the time. With the likes of Twitch and other platforms to better support players and develop their fan communities, audiences are actively engaged for long periods of time (averaging 100 minutes per spectating [session](#)).

ESPORTS ARENAS ARE THE PINNACLE OF FAN EXPERIENCES

To capitalize on gaming's rise to mainstream entertainment, organizations are building arenas across the US for esports-specific competitions, events, and tournaments. And with these spaces comes new advertising opportunities for brands through live-event sponsorships, product placements, and prize money contributions. With the promise of firsthand experiential opportunities and high-energy live



eSports – Sam Churchill

entertainment, 60% of esports fans reported explicit interest in attending a live event this year.

“I BELIEVE ESPORTS WILL RIVAL THE BIGGEST TRADITIONAL SPORTS LEAGUES IN TERMS OF FUTURE OPPORTUNITIES, AND BETWEEN ADVERTISING, TICKET SALES, LICENSING, SPONSORSHIPS AND MERCHANDISING, THERE ARE TREMENDOUS GROWTH AREAS FOR THIS NASCENT INDUSTRY.”

— STEVE BORENSTEIN

CHAIRMAN OF ACTIVISION BLIZZARD'S ESPORTS DIVISION
& FORMER CEO OF ESPN & NFL NETWORK

THE EVOLUTION OF GAMING & EMERGENCE OF ESPORTS

First created in the 1950s as academic training tools, it wasn't until after the 1970s that video games really took off. Starting with the development of Commodore 64 in 1982, the Nintendo Entertainment

System in 1985, and the first handheld Gameboy in 1989 all the way to today with iPhones, the PlayStation 4, and Xbox One, there's no doubt that the development of cutting-edge graphics, consoles, and computer processors have led to the accessibility and popularity of games.

From LAN parties in the 1990s to arenas packed with thousands of eager fans in early 2018, with a bit of luck and the creation of 'game-changing' technological advancements, gaming has gone from a casual hobby to a revolutionary multi-million dollar modern entertainment industry in just a few decades' time.

According to the Pew Research Center, 49% of American adults play video games either on a computer, console, TV or a mobile device, so naturally, esports served as a way to transform gaming (something people were already spending their time doing) into a spectator sport.

An unrecognized benefit of esports global popularity for brands is the accessibility and relatability of its professionals. Whereas in traditional sports, the competitors are fine-tuned athletes with, oftentimes, unfathomable and glamorous lifestyles, esports athletes come from all backgrounds and in all shapes and sizes. Furthermore, and thanks to the digital, fast-paced nature of gaming platforms, players and their fans are online all the time.

Whether they're streaming their gameplay to an online audience via Twitch or showing off highlight reels via social platforms, gamers are digital natives, highly relatable, and cognizant of their online influence and how to wield it for the benefit of the gaming and larger online community. These are passionate people who love gaming, tech, and supporting others who share their same interests. The democratization of the players and the games they play contributes to esports' allure and the loyalty of its 300+ million fans around the globe.

As societal influencers like investors, [celebrities](#), and media companies like [ESPN](#) claim their seat at the table, now is the perfect time for brands to discover how they can be apart of esports rise to dominance in mainstream entertainment.

**"GAMING IS WHAT EVERY TRADITIONAL SPORTS LEAGUE IS DESPERATE TO BECOME:
YOUNG, GLOBAL, DIGITAL AND INCREASINGLY DIVERSE."**

— ESPN

UNDERSTANDING THE COMPLEXITY OF THE ESPORTS ECOSYSTEM

According to industry experts, the benefit and challenge for brands entering the esports 'arena' are that since the sport is new enough, fans reward brands that help it grow by backing teams and tournaments. But before you take off with your media planning team, advertisers also warn that gamers and loyal fans have been known to neglect or punish brands which are seen as exploitative and only in it for a short-term gain.

The reason for this is because taking the time to understand the esports ecosystem is not for the faint of heart which in turn, has created an atypical, loyal fan base that's receptive to advertising, but only the brands that do it 'right.'

With a laundry list of big players, moving parts, and preferential platforms to consider, simply put, esports is confusing to understand and even more complicated to get into. Luckily, PMG has a few long-time esports fans to help brands navigate the waters of the esports ecosystem.

To make our deep dive into the complexity of gaming culture and esports a bit more comprehensible, we've simplified the involved parties into three main sections:

- The Players
- The Organizations & Teams
- The Esports Leagues, Casters & Game Publishers

THE PLAYERS

Like any profession, rising through the ranks to become a top esports player of a specific game takes dedication and practice, so much so that 12 to 14 hour [days](#) of gameplay is pretty standard across the industry. Once at the top (or on the way to it), talented gamers have two esports career paths: streaming or playing professionally on a team.

Streamers are gamers who livestream themselves as they play video games, typically in a more casual playstyle. Streamers are incredibly profitable and often become influencers in their own right. Partnerships with streamers align closely with influencer marketing agreements with product placements done through the individual's manager/organization which handles all the events, social posts, and sponsored content opportunities.

The best **professional esports athletes** are quickly picked up by teams and play in tournaments around

the world against other teams. Even more impressive is that top players start their professional gaming careers around 16 to 17 years of age. Because livestreaming is so ingrained in the gaming culture, professional players will frequently livestream practice sessions or all their gameplay.

THE ORGANIZATIONS & TEAMS

Esports Organizations have several teams that each play their specific game but compete and operate under the same umbrella name similar to how NCAA universities compete in different types of sports but all under the same umbrella organization. By leveraging their massive fan base and influence, organizations seek advertising sponsorships as additional revenue streams for the organization and its players. The better the players, the better the organization which quickly leads to a large following and ample partnership opportunities.

Esports Teams are composed of professional players and operate similarly to traditional sports teams like the Dallas Cowboys or New York Yankees with coaches, team managers, practice schedules, marketing support, and operations specialists. Each team specializes and competes in one specific game and like traditional sports, have massive followings and fan bases; millions of followers on Twitter, millions of fans watching online, and thousands of spectators following them to in-person live events.

ESPORTS LEAGUES, CASTERS & GAME PUBLISHERS

Similar to traditional sports, **Esports Leagues** offer teams the opportunity to compete against one another (for cash prizes) and have regular seasons, playoffs, and world championships. League tournaments are run by companies like Major League Gaming (MLG), Electronic Sports League (ESL), or game-specific leagues like League of Legends Championship Series or Call of Duty World League (organized by MLG). Total prize money for league events can be upwards of hundreds of thousands to millions of dollars.

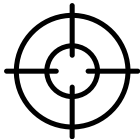
To commercialize and better establish the esports industry as a legitimate spectator sport, **Casters** are also used during esports tournaments and events. With a unique skillset of being able to speak to a player's deep technical and strategic acumen in real-time, esports casters play a pivotal role in keeping viewers educated and entertained during gameplay and the downtime of an event. Just like the esports athletes they speak of during their time on air, the most prominent figures are better known by their Gamertags than their actual names.

Each game is the intellectual property of its creator, known in the industry as **publishers**. As said best by Toptal, the publisher's role in the esports ecosystem "can be considered 'all powerful.'" Unlike traditional sports which can be played by anyone and anywhere, publishers build and develop their games and

thus, own all the rights surrounding them [i.e., how and where the games can be played, who can host tournaments, etc.]. Because publishers own the intellectual property of their games, industry participants (players, teams, tournament organizers, league executives) have to play by their rules. Literally.

To make it even more confusing for newcomers, esports is the term used to describe **all** the games played in professional competitions. Game genres are the type of game while the branded name specifies the specific game being played.

SNAPSHOT OF ESPORTS GAME DIVERSITY



First-person shooter (FPS):

- Counter-Strike: Global Offensive
- Overwatch



Multiplayer Online Battle Arena (MOBA):

- Dota 2
- League of Legends



Real-time Strategy Games:

- Starcraft



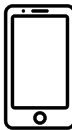
Fighting Games:

- Super Smash Bros.
- Tekken
- Street Fighter



Sports Games:

- FIFA
- Rocket League
- Madden



Mobile-specific:

- Clash of Clans

We've rounded up the esports industry's most notable accomplishments from the past year as esports continues its rise to mainstream culture. Think of this as your 2017 Esports CliffsNotes.

2017 ESPORTS INDUSTRY NOTABLE ACHIEVEMENTS

- The first-ever global city-based esports league, Overwatch League signed 12 teams ranging from Boston to Shanghai and received funding from prominent sports investors like Robert Kraft of the New England Patriots and Jeff Wilpon of the New York Mets.
- Intel & ESL hosted the largest esports event in history in Katowice, Poland with 173,000 people in attendance; re-affirming the loyalty and popularity of esports and team's fan bases.
- The League of Legends World Championship reached 60 million unique, online viewers.
- The prize pool of Dota 2's The International totaled \$24.8 million with the top team leaving the tournament with just under \$11 million.
- Tencent, the multinational behemoth that owns the rights to games like League of Legends (the highest-earning game in the world) and publishers like Epic Games, Riot Games, and Supercell, announced their five-year plan to create a world-leading \$14.6 billion esports market in China.
- The vitality of esports was up for discussion by the International Olympic Committee, and the Olympic Council of Asia (OCA) has added esports to the 2022 Asian Games.

As millions of fans across the world follow along and dozens of [investors](#) throw their hats in the ring, it's no wonder that digital research firm, Superdata [predicted](#) the global esports industry would experience 12% YOY growth for the next five years.

GLOBAL MARKET SHARE

Simply put, gaming is **big** business. In Newzoo's Global Games Market [Report](#), the experts forecast that the world's 2.3 billion gamers will spend close to \$138 billion on games in 2018, a +13.3% lift from 2017's numbers. And with that, the global esports economy is projected to reach \$905.6 million, up 38% YoY.

Brands are anticipated to spend \$694 million in 2018 on advertising, sponsorships, and media and content licenses. An impressive 48% YOY increase in brand investments, the esports industry is showing no signs of slowing down. At its current rate, industry experts estimate the esports industry to reach \$1.4 billion by 2020.

Three primary markets are leading the esports economy: APAC, NA, and EMEA, with each having a unique value-add to the larger, global esports industry.

APAC

With Nintendo, Tencent and some of the world's best esports teams, APAC and more specifically, South Korea, is the mecca of esports. With that, APAC takes the lion's share of the industry's growth in market value, game development, and fan base growth. China alone is anticipated to generate \$164 million in revenue this year.

NA

Accompanied with investors, a growing audience, dynamic digital platforms, and broadcaster deals, North America will remain the largest esports market regarding revenue with earnings amounting to an estimated \$345 million in 2018. Additionally, the 23 million North America esports enthusiasts are expected to generate \$14.80 per fan this year, higher than in any other region.

EMEA

Western Europe is the second-largest region in terms of revenues with \$169 million in 2018. The region's high market value is mainly in part to the successful localization efforts and popular esports organizers like [Gfinity](#) in Germany and [LVP](#) in Spain. On top of this, esports is growing in popularity because many esports professionals around the world originate from European countries.

WHO'S WATCHING & WHY

According to [researchers](#), the global esports audience will reach at least 380 million this year with esports 'enthusiasts' (people who watch more than once a month) totaling 165 million while occasional viewers rise to 215 million. To give some perspective, Super Bowl LI was watched by 111 million fans as the League of Legends [Worlds](#) reached a record-breaking viewership of 360 million viewers.

As stated by a Twitch representative, the appeal of esports and game livestreaming is just like any other type of hobby, sport, or skill: people enjoy watching others who are good at what they do. That being

said, for brands looking to advertise in the space, it's important to understand who you'd be connecting with and why they're worth paying attention to.

WHY DO PEOPLE WANT TO WATCH ESPORTS?

“THAT’S LIKE SAYING TO A CHEF, ‘WHY ARE YOU WATCHING THE FOOD NETWORK? SHOULDN’T YOU BE IN THE KITCHEN, COOKING?’ OR TO AN ATHLETE, ‘WHY ARE YOU WATCHING ESPN? SHOULDN’T YOU BE OUT SHOOTING HOOPS?’ NO. PEOPLE ENJOY WATCHING OTHERS WHO ARE GOOD AT WHAT THEY DO.”

— TWITCH

TOP ESPORTS AUDIENCE INSIGHTS

Fans are dedicated and highly engaged

Most fans average 100 minutes per spectating [session](#) on platforms like Twitch and YouTube Gaming. However, interestingly enough, only about half of frequent viewers actually play the game they watch. The industry's emphasis on community also leads to 60% of esports fans being [willing](#) to travel to see their favorite games played live by popular players at events and tournaments.

Esports fans are primarily young, digitally native males from diverse backgrounds

Seven out of ten esports fans are males that range from 18 to 34 years of age with Nielsen reporting that the average age of an esports fan is 26 years old. Because the esports industry is relatively young and primarily takes place online, most esports fans are young, early tech adopters, active on social media channels like Twitter and YouTube, and grew up online or with heavy tech-related interests (video games, media, computers, mobile apps, and IoT).

In fact, it's reported by [Newzoo](#) that among “American male millennials (age 21 to 35), esports is just as popular as baseball or ice hockey, with 22% watching it.” Continuing to say, “in North America, the most popular sport in the region, football, is only 2x as popular as esports among male millennials. For male viewers between the ages of 36 and 50, football is only 3x as popular.”

These audience insights also validate that esports fans have a variety of interests beyond gaming and are not the stereotyped ‘gamer persona’ that lives in Mom’s basement, but are average, middle-class working Americans. It's safe to say that most esports fans are just as engaged with the online gaming culture as

they are with traditional sports leagues. As mentioned earlier, this overlap has led to substantial investments from the top sports business investors like Mark Cuban, Shaquille O’Neal, and Magic Johnson.

But we would be remiss not to plug that despite the prominent 7/10 audience statistic, roughly 38% of the esports and livestreaming audience are females; enabling a unique opportunity for brands to reach engaged, young women online just as they would males.

“ESPORTS IS AT THE “INTERSECTION OF TECH AND ENTERTAINMENT. IT REALLY ALSO GIVES US AN OPPORTUNITY TO REACH THAT YOUNG AND DIVERSE AUDIENCE.”

— SHIZ SUZUKI

ASSISTANT VP FOR AT&T CORPORATE SPONSORSHIPS

Fans are Working Professionals with Spending Power

[IAB](#) found that roughly 43% of esports enthusiasts have an annual household income of \$75k with just under one third (31%) reporting an income of \$90k or higher. This spending power can be validated through staggering attendance numbers as event passes can amount to a few hundred dollars but have been known to sell out in a matter of minutes.

Another influential figure that supports this claim is the popularity of fans frequently donating to streamers through Twitch. Because fans can financially support their favorite livestreams, donations and tips are quite common. Fans’ willingness to financially support an entertainment medium that’s already free demonstrates the spending power of esports fans and their willingness to invest in their favorite players. In the end, many streamers earn a few hundred to thousands of dollars a day in just donations and tips.

Esports fans are scattered across regions, countries, and timezones

In the past, most people assumed the majority of fans were located in Asia, but in fact, only 51% of esports enthusiasts are located in the APAC region. While still a large percentage, North America and Europe are prominent places in the global esports and gaming ecosystem.

Because tournaments and events are hosted across a variety of time zones, the success of the esports industry truly relies on digital platforms to remain accessible to fans. Livestreaming is huge, and these days it seems like you can’t talk about esports and gaming without touching on the influence of platforms like Twitch, YouTube Gaming, and Mixer, all owned by Amazon, Google, and Microsoft, respectively.

It's also important to note that the multi-million dollar investments of digital titans into livestreaming technology further proves that esports are here to stay. Like any potential partner, understanding the nuances of the popular platforms like Twitch will allow marketers to best use them to their brand's advantage.

THE PLATFORM OF CHOICE & THE POPULARITY OF LIVE EVENTS

Sticking true to its digital roots, livestreaming is the dominant form of esports viewership with platforms like Twitch and YouTube leading the esports industry in its advancement towards mainstream modernized entertainment. According to some industry experts, getting TV attention is critical to making esports mainstream, but with recent broadcasting deals with ESPN and TBS, plus livestreaming platforms like Twitch, esports has already found a way onto nearly every device in America.

Lucky for advertisers, the Twitch platform makes it easy for brands to get in on the action and advertise.

TWITCH

Launched in 2011 as Justin.TV, this livestreaming platform quickly gained traction and was bought by Amazon in 2014 for \$970 million. Now, Twitch is the platform of choice for live streaming, gamers, and esports fans to come together and watch the action unfold at tournaments, esports league games, and during casual play. With 15+ million daily active users and users averaging 100+ minutes on the platform, brands will be hard-pressed to find another audience that matches Twitch's level of engagement.

One of the best aspects of Twitch is the real-time interaction between broadcasters (streamers) and their viewers. With Twitch Chat and Discord (messaging app), fans engage in a live discussion with one another during the stream, building a strong sense of community around games, livestreamers, and the larger fan base. This sense of community can be used to a brand's advantage because if advertisers appeal to the community, they can easily be the talk of the town across Twitch and social users conversing about gaming on other platforms.

As we spoke to earlier, viewers can support streamers directly through Twitch and with that, so can brands. From Subscriptions (imagine if Netflix allowed you to just subscribe to one TV show), Donations (fans can donate money to their favorite streamers), and Cheering (works the same as donations but is an animated currency in Twitch that's tied to monetary value), viewers are already accustomed to advertisements through "sponsored messages" encouraging them to participate and subscribe to the streamer's channel.

“WHAT GAMERS CARE ABOUT IS ALTRUISM, AND THEY WANT TO SEE BRANDS DOING SOMETHING THAT BENEFITS THE SPACE, NOT JUST THE BRAND.”

— NATHAN LINDBERG
TWITCH

Advertising on Twitch goes hand-in-hand with brands wanting to enter the esports arena. Since live-streamed content is the most accessible way to consume what Twitch calls ‘modernized entertainment’ (esports), advertising on Twitch is a sure way to connect with every fan across devices and regions. Luckily, Twitch has various [opportunities](#) for brands to get in the game.

Ways to Integrate Your Brand on Twitch:

- **Media Opportunities via digital ad placements**
 - Cross Screen Video
 - OOT Devices
 - HPTO & First Impression Takeovers
 - Display Media
 - Sure Stream - guarantees visibility & cuts through [Ad Blockers](#)
 - Watch & Earn Engagement Ad Unit
 - Twitch + Audience Extension Products
- **Experiential Opportunities through Event Activations**
- **Esports Team & League sponsorships**
 - Take over an event with on-the-ground brand experiences coupled with digital ad placements for the fans at home.
- **Premium content through custom and curated experiences**
 - Custom digital tournaments
 - “Twitch Presents” Series

Just because games are played and watched online doesn’t mean brands should rule out live events as the opportunities to be apart of one of the industry’s biggest moments at a live event are tenfold.

LIVE EVENTS

From gaming industry conferences that see close to 50,000 individuals to esports tournaments and pub-

lisher events, live events are the pinnacle of the esports experience. So much so that the 2016 League of Legends World Championship [sold](#) out the 15,000-seat Los Angeles' Staples Center in just **12 minutes** and the same event the following year generated **\$5.5 million in ticket revenues** and was the **most watched event on Twitch in 2017 totaling 49.5 million hours**.

Furthermore, the Newzoo Annual Global Esports [Report](#) estimates consumer spending on tickets and merchandise will total \$96 million while \$116 million is to be invested by the game publishers to partner with white-label organizers.

Live gaming events take many forms such as championship events, hybrid events like [Ninja Vegas 18](#), esports league games, and publisher/platform conferences.

The Big Gaming Events

Like any sporting event or global moment, esports event organizers and game publishers allow brands to sponsor, partner, and advertise to fans at the event or online. This list is in no way inclusive of all the major events, but to brands just entering the market, these events take the lead in empowering fans from all over the world to fly in, stream live, and buy into brands who take center stage alongside the best esports athletes.

The [League of Legends World Championship](#) is the most watched esports event of the year. More than 100 million viewers watched this past year's League of Legends Worlds, totaling more than 1.2 billion hours of videos watched. Widely praised for the high-quality plays and spectacular ceremonial performances, League of Legends is world-renowned for the dramatic ceremonies and gameplay.

[BlizzCon](#) at Blizzard Arena LA in Burbank, CA features the StarCraft II World Championship Series Global Finals, the Heroes of the Storm Global Championship Finals, and the World of Warcraft Arena World Championship Finals.

The first-ever [Overwatch League Finals](#) is held this summer at Barclays Center in Brooklyn, New York. The competition will determine the champions of the world's first major global, city-based esports league and if all goes well, will alter the course of esports history and validate esports' ability to create city-based esports teams.

[TwitchCon](#) is hosted by Twitch and serves as a celebration for Twitch broadcasters and the gaming community. The conference calls for fans and streamers to watch, learn, and play together.

Because of the chances (and history) of drawing large crowds, most championship events are held in arenas and event centers, but for the more boutique experiences, esports arenas act as a way to better

serve the esports community in a more intimate setting. With game nights, community events, and watch parties, these venues are great for brands interested in providing a more experiential brand interaction.

[eSports Arena](#) is a company who's latched onto America's gaming passion by creating esports arenas in Las Vegas, Orange County and Oakland, California. With their media and consulting services, eSports Arena knows the ins and outs of esports events and partner with the likes of NBC, Red Bull, Microsoft, and General Mills to provide a quality branded experience for esports fans across the nation.

Because of its unique ability to attract and engage a young, loyal and diverse audience, it's easy to see why companies not directly involved (non-endemic brands) in the esports industry are finding ways to "cement themselves in the space."

ADVERTISING OPPORTUNITIES WITHIN THE ESPORTS ECOSYSTEM

From 2016 through 2017, over 600 sponsorship deals were made across the esports industry ranging from in-game activations to mega-million live event sponsorships deals.

The benefit to advertising in esports is twofold. First, the audience is young, highly engaged, and loyal meaning that brands who strategically advertise and truly immerse their brand narrative to 'get into the game' flourish in the ecosystem. A great example of brand immersion can be seen with [Arby's](#) and its creative videos of Arby's sandwiches being blown up which directly referenced Counter-Strike: Global Offensive and its bomb defusing missions. These spots were shown during ELeague broadcasts on Twitch and TBS on TV and were a huge success.

Secondly, when compared to traditional sports, media buys and partnerships are relatively [cheap](#). As a young, digital-first experience, esports' positioning in the entertainment industry allows for creative partnerships of all forms to be tried and tested, some falling flat and others impacting the gaming culture and revolutionizing advertising practices in the industry. With an industry and audience that's so young, brands that aren't afraid to get creative are rewarded.

An iconic esports advertising example is [Turtle Wax](#) partnering with OpTic Gaming, one of the oldest esports organizations. A rather non-endemic esports brand, Turtle Wax found a unique angle: partner with an esports organization and their athlete who loves cars and offer him an unforgettable branded experience. The partnership has done so well that as of [March 2018](#), Turtle Wax plans to significantly expand their esports investment.

“OUR ESPORTS PARTNERSHIPS HAVE HELPED DRIVE BRAND RELEVANCY AND WERE A SIGNIFICANT FACTOR IN OUR YEAR-OVER-YEAR SALES GROWTH... OUR SOCIAL MEDIA CHANNELS - WHERE ESPORTS FANS ARE HIGHLY ACTIVE - HAVE EXPERIENCED TREMENDOUS GROWTH WITH ENGAGEMENT UP 50% LAST YEAR.”

— COURTNEY LAUER

TURTLE WAX
GLOBAL MARKETING DIRECTOR

What’s the big reason for Turtle Wax’s success? Esports fans are incredibly engaged and follow the lifestyles of their favorite players on social media. The relatability of gamers and esports athletes expands beyond their on-camera ‘streaming personality’ and into their daily lives where people want to know what restaurants they frequent, what brands they love, and how they live their lives.

A more organic example of a brand benefiting from high engagement because of a gamer is the time Tyler “Ninja” Blevins (yes, the guy who played Fortnite with Drake) mentioned on stream that he loves wearing [MeUndies](#) to his 100K+ viewers. About 15 seconds later, the MeUndies website crashed from a traffic overload. MeUndies jumped on the opportunity and 13 hours later, shared a mockup of the unofficial “Ninja” MeUndies via [Twitter](#).

Common Ways to Advertise in eSports:

- Event sponsorships
- Media buys
- Team & Player (influencer-esque) partnerships
- Publisher partnerships and in-game activations

WHICH ADVERTISERS ARE CURRENTLY DOMINATING THE ESPORTS SCENE

Although technology, gaming, and consumer electronics brands lead in their investments into the esports scene (endemic brands), non-endemic brands are also making their mark by investing in esports.

Because of its rapid growth and popularity, it comes as no surprise to learn that **food brands** are also leading the charge in sponsoring esports teams, events, and leagues. Which makes sense. While some companies find it a challenge to advertise to such a diverse audience, regardless of age, household income, gender or culture, everyone likes to eat.

As brands like Pringles have laid the foundation with their involvement in esports over the last several years, companies like Snickers, McDonald's, and [KFC](#) are diving in headfirst with recent [championship](#) series and [team](#) sponsorships. Because it's such a young industry, marketing in the esports ecosystem is a bit like the Wild West; a few rules and previous examples to follow but often, esports advertising campaigns are one-of-a-kind curated content creations that have the potential to change everything.

HOW BRANDS CAN THRIVE IN THE ESPORTS ECOSYSTEM

So whether you're considering an experimental media buy or carving out a dedicated esports budget, there are a few tips we'd recommend keeping in mind to help your advertising efforts succeed.

SPEND SOME TIME ON TWITCH

First and foremost, don't hesitate to personally watch a livestream or two of gameplay on Twitch before you go all into advertising in the esports industry. With Twitch chat and social media, you can get a feel for audience sentiment in real-time. The learnings from just lurking in the community are invaluable, and by meeting the people where they are online, you'll get a better understanding of the esports audience and the communities around different game types.

To get started, head over to [Twitch](#), pick a game type (preferably an esports game like League of Legends or DOTA 2) and jump in a channel to watch a livestream and follow along with viewer conversations via the Twitch chat.

Plus, by watching a livestream, you'll have the chance to experience other brands' advertisements to see how the community responds to different types of ads and what tactics are being used by advertisers to appeal to esports fans.

Featured Games Games people are watching now

Game Title	Viewers
League of Legends	192,392 viewers
Fortnite	132,702 viewers
Dota 2	97,561 viewers
IRL	84,587 viewers
PLAYERUNKNOWN'S BATTLEGROUNDS	44,579 viewers
Hearthstone	
Counter-Strike: Global Offensive	
Realm Royale	
Talk Shows	
Warframe	

GET IN THE GAME

The Internet is a daunting place, and the world of esports is no different. Because the community is so passionate and engaged with the sport, fans can easily identify brands not as invested in the community or only in it for short-term gain. Don't let the digitally-native aspects of the ecosystem intimidate you. Instead, use it to your advantage by planning an omnichannel strategy across channels and partners to meet and engage the esports fans before, during, and after the event.

THE KEY TO REACHING ESPORTS FANS IS TO “REALLY UNDERSTAND THEM AND, IN A WAY, BE ONE OF THEM [SO THAT MARKETING] IS ORGANIC AND NATURAL. IF IT IS, YOU GET UNBELIEVABLE LOYALTY AND PRAISE. AND IF IT’S NOT, YOU CAN GET SOME PRETTY SERIOUS TOXIC BACKLASH.”

— MATT WOLF

VP OF ENTERTAINMENT VENTURES AND GAMING

An example via social could be paid media placements on Twitter to be apart of pre-game conversations, using various media buys via Twitch during the gameplay, and catching up with fans afterward across Facebook and other social platforms to celebrate the win or great plays. Get creative, be authentic, and recognize that the target audience is sophisticated, energized and in the end, just want their team and the industry to grow and succeed.

BE READY FOR ANYTHING

Like traditional sports, anything can happen in the esports arena. Be prepared for all outcomes and lean on your learnings about each game's specific community to prepare you for sentiment and guide your strategy. Fans of one game will probably have different interests than fans of another.

For example, Clash of Clans is a mobile-game, with bright, animated characters with the objective of taking down other kingdoms while Call of Duty is set to the scene of a war-zone where violent gameplay is commonplace; take these nuances into consideration when choosing a tournament to sponsor or media to buy to ensure your brand aligns with the community and the viewer's expectations.

FINAL THOUGHTS

As can be seen, esports is revolutionizing the traditional sports ecosystem by creating a digitally-native environment for fans filled with all the merchandising, live events, and creative sponsorship opportunities brands can dream of. With the esports scene set to attract over 380 million fans this year, esports is reaching new heights; making this year the perfect time for brands to get in the game. ■

DIGITAL MADE FOR HUMANS™



**WANT TO LEARN MORE ABOUT ESPORTS
AND HOW YOUR BRAND CAN GET IN THE GAME?**

CONNECT WITH US AT INSIGHTS@PMG.COM

