# Esports

## Outlining the current esports landscape, who the esports fans are and how to market to them

TREND REPORT 2019

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# Contents



# Introduction

GlobalWebIndex Trends reports take a deep-dive into the crucial topics of the industry, exploring some of the most pressing topics for marketers. In this report, we place the spotlight on the current esports landscape, who the esports fans are, and also how to market to them.

Esports fans are defined as internet users aged 16-64 who say they have watched an esports tournament in the past month.

This report explores:

- **Why 2018 was such a pivotal year for esports**
- **The marketing potential in esports**
- **The distribution of esports online vs offline**
- **How to reach esports fans**
- **The esports gaming landscape**
- **Learning from traditional sports' example**
- **What the West can learn from APAC's esporting dominance**
- **Future outlook: trends and predictions for 2019**

# Key insights

Esports fans are more likely to be **young, male and affluent**; by no means an easy audience to reach. This is especially true given that over **8 in 10 males aged 16-24 – and 85% of esports fans – are either deleting cookies, using private browsing windows or blocking ads**.

From a market-by-market perspective, it's among these 16-24 males where we see just how far the industry has come. China and South Korea have been pivotal in the development of esports, but from this perspective, **there clearly exists a substantial opportunity across the world. In the majority of cases, males aged 16-24 are around 2x, 3x and sometimes even over 5x as likely to be engaging with esports tournaments** each month.

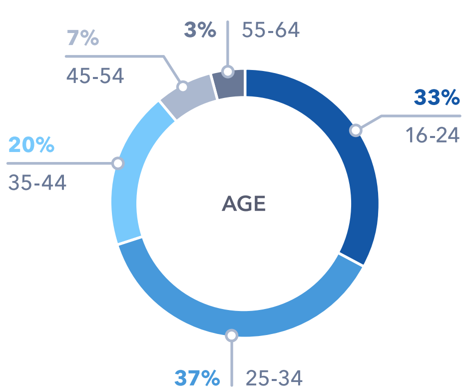
**Esports fans do watch traditional TV** – only 4% exclusively watch online TV. In fact, this audience clocks up an average of 1hr 34mins on their TV sets per day, although this is 20 minutes behind the average internet user. But what makes them especially interesting is that **they're now devoting almost as much time per day to online TV as they are to linear TV**.

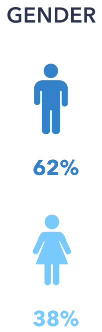
**Esports entertainment is still firmly anchored online, and this is unlikely to change any time soon.** Part of the reason why online streaming sites, like Twitch, have provided such a suitable platform for esports entertainment lies in their **strong community offering**. That esports fans are 50% more likely to use a service for the **community surrounding** it gives an indication of why these sites resound so well among this group.

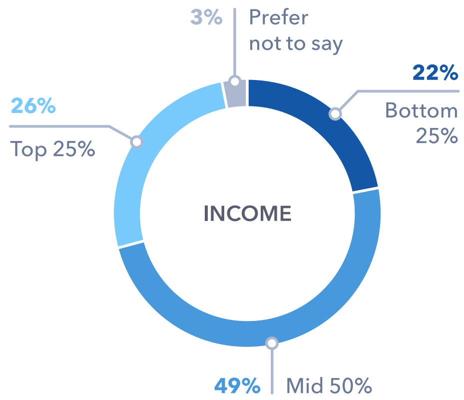
When discovering brands, **three important themes emerge among esports fans; the importance of online video; a trust towards community-centric marketing; and an affinity towards influencer marketing from relevant personalities**. These are all core aspects of online streaming sites like Twitch. This presents an audience which responds well to **organic marketing, especially via peer-to-peer (P2P) recommendations** among fellow gamers – a natural interaction resulting from the community-based platforms.

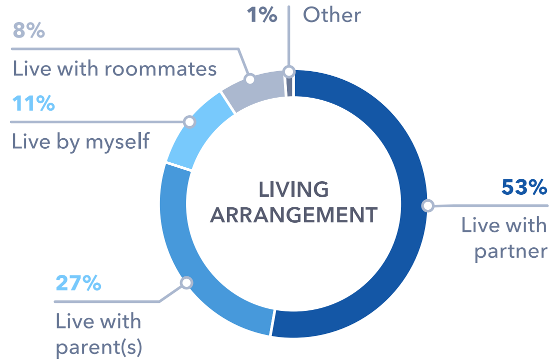
# The esports audience

**22%** OF INTERNET USERS
ARE **ESPORTS FANS**




## Highest indexing attudinal statements

% of esports fans who somewhat/strongly agree with the following statements

| | | |
|---|---|---|
| I would buy a product/service simply for the experience of being part of the community | 48% | IDX 1.48 |
| I am comfortable borrowing money | 39% | IDX 1.39 |
| I tend to buy brands I see advertised | 59% | IDX 1.38 |
| I feel positive about the global economy | 58% | IDX 1.36 |
| I'd rather sign up for a membership to a product/service than pay extra to own it | 56% | IDX 1.35 |

**Source:** GlobalWebIndex Q4 2018 **Base:** 7,064 Esports Fans aged 16-64

Esports

# The esports landscape

# The esports landscape

Esports is an umbrella term referring to competitive video game tournaments. Although video game tournaments have been around for some decades now, it's only in the last decade that this entertainment has managed to breakout into a global phenomenon with serious revenue-generating potential. If 2017 was the year in which we saw this form of spectator gaming become more of a cohesive and accessible genre of entertainment, then **2018 was perhaps a landmark year for esports that cemented the space's potential as the next billion-dollar industry.**

> "When I look at 2018, I feel like it was the year that esports really started cracking into the mainstream"
>
> *Jack Etienne, owner of North American esports team Cloud9*

As of 2019, the esports industry is worth **$906 million**, with expected growth to be $1.65 billion in the year 2021, attracting a diverse range of gamers, avid viewers and brands offering lucrative sponsorship deals. **More than six billion hours were dedicated to watching professional gaming last year,** up **19% since 2015**. By 2021, IHS expects global esports viewing to surpass 9 billion hours, and PWC says esports has a **higher global growth potential than the U.S. National Football League**. Esports will also be a medal event in the 2022 Asian Games, which could pave the way for full Olympic status.

**Esports has continued to position itself closer to the traditional sports model primarily by mimicking its competition structures,** with high-profile investments from personalities in physical sports also having a major influence, such as **Barcelona FC's Gerard Pique** and **Golden State Warrior's Stephen Curry**. This is helping to instil further confidence in the industry, particularly concerning the future viability and revenue potential of esports.

Gaming live streams and esports tournaments have come to their current position through streaming platforms like Twitch (acquired by Amazon in 2014) and YouTube Gaming (soon to be rolled into YouTube's main site). These platforms require little hardware to set up a channel, allowing streamers to reach an audience in the hundreds of thousands with minimal investment.

Despite increasing competition, **Twitch will continue to play a key role as esports expands.** This is because its fate is bound up with parent company Amazon's ambitions in advertising in 2019. With Twitch being well-suited for any expansion into video ads, it'll be in Amazon's interests to negotiate commercial partnerships for the service.

The competition between Twitch and YouTube Gaming, along with other players like Valve (Steam Broadcasting), Microsoft (Mixer), Facebook and Douyu or HUYA in China, will be a catalyst to expand reach.

This isn't the only competition driving viewer growth, either. Publishers like Activision Blizzard and Epic Games are investing in licensed leagues of their games to generate the most return from their franchises.

> This competition among stakeholders around the industry should help drive investment as they race to secure eyeballs and advertising dollars

# The esports landscape

But aside from its overwhelmingly positive future outlook, **it's the esports audience which is attracting a lot of attention**. Esports fans are more likely to be **young, male and affluent**; by no means an easy audience to reach. This is especially true given that **over 8 in 10 males aged 16-24 – and 85% of esports fans – are either deleting cookies, using private browsing windows or blocking ads**, making it difficult for marketers to identify or target these audiences. But the development of esports has centered around strong loyalty from these younger demographics, thriving on the connected viewing experiences that younger audiences enjoy and demand.

With such a desirable demographic, stakeholders in esports are keen to discover new and innovative ways of monetizing them. Being such a agile and digitally interactive genre of entertainment, **esports could emerge as a pioneer for monetization models** if it's successful in creatively generating value from its fanbase. Microtransactions have long been a part of the fabric of esports games, allowing players to personalize their avatars with "skins" and viewers to reward their favorite players while watching them compete. This element of interactivity holds appeal among esports fans, who throughout our global research display unique expectations from brands. These expectations are centered around personalization, involvement with the brand and its products, and a desire to connect with other fans.

> Esports fans are more likely to be young, male and affluent – a demographic notoriously difficult to keep engaged

From a market-by-market perspective, it's also among males aged 16-24 where we see just how far the industry has come. China and South Korea have been pivotal in the development of esports, but from this perspective, **there clearly exists a substantial opportunity across the world. In the majority of cases, males aged 16-24 are around 2x, 3x and sometimes even over 5x as likely to be engaging with esports tournaments each month.**

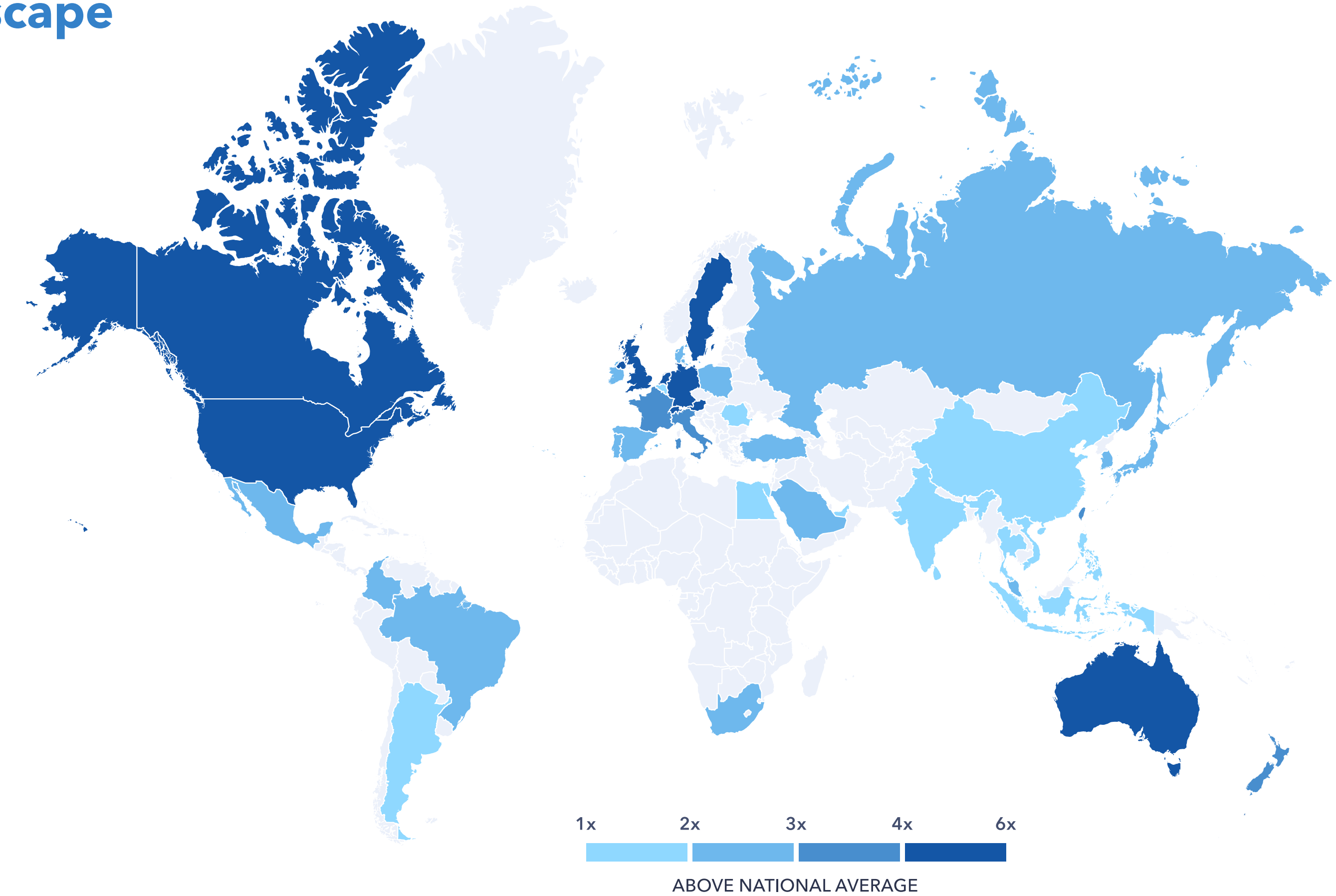
Some of the most dramatic rises come from mature markets like Australia, Canada, the U.S. and Germany. **These are markets with considerable global economic influence**, home to some of the most important gaming industry brand names - which are transforming into regional esports hubs.

In the following chapters, we discuss in detail the current state of the esports industry, the characteristics of its much-coveted audience, as well as the genre's trajectory towards becoming a fully-fledged sport in itself.

# The esports landscape

## Esports engagement by country among 16-24 males

% of 16-24 males who have watched an esports tournament in the past month




| | | |
|---|---|---|
| China | 63% | 1.67 |
| Taiwan | 51% | 3.51 |
| Philippines | 47% | 1.60 |
| Hong Kong | 45% | 3.27 |
| Vietnam | 45% | 1.36 |
| South Korea | 43% | 2.35 |
| Indonesia | 42% | 1.92 |
| Thailand | 42% | 1.81 |
| Malaysia | 40% | 2.35 |
| Saudi Arabia | 40% | 2.55 |
| Poland | 40% | 2.84 |
| Turkey | 38% | 2.23 |
| South Africa | 38% | 2.22 |
| Brazil | 37% | 2.17 |
| Romania | 37% | 1.86 |
| Sweden | 36% | 4.46 |
| Colombia | 34% | 2.12 |
| Spain | 34% | 2.89 |
| Portugal | 33% | 2.89 |
| India | 32% | 1.38 |
| Germany | 32% | 5.01 |
| Mexico | 31% | 2.53 |
| Australia | 29% | 5.05 |
| Denmark | 29% | 2.79 |
| USA | 29% | 4.44 |
| Canada | 28% | 5.20 |
| Austria | 28% | 4.01 |
| Singapore | 26% | 2.55 |
| Switzerland | 26% | 4.71 |
| Italy | 26% | 3.00 |
| UK | 24% | 4.15 |
| New Zealand | 24% | 3.70 |
| France | 24% | 3.26 |
| Russia | 22% | 2.92 |
| UAE | 19% | 1.24 |
| Netherlands | 18% | 4.64 |
| Argentina | 18% | 1.87 |
| Egypt | 17% | 1.64 |
| Japan | 16% | 2.63 |
| Ireland | 13% | 2.63 |
| Belgium | 8% | 1.90 |

**Question:** Which of these gaming-related activities have you done in the last month? Watched an e-sports tournament
**Source:** GlobalWebIndex Q4 2018 **Base:** 15,225 Male Internet Users aged 16-24

Esports

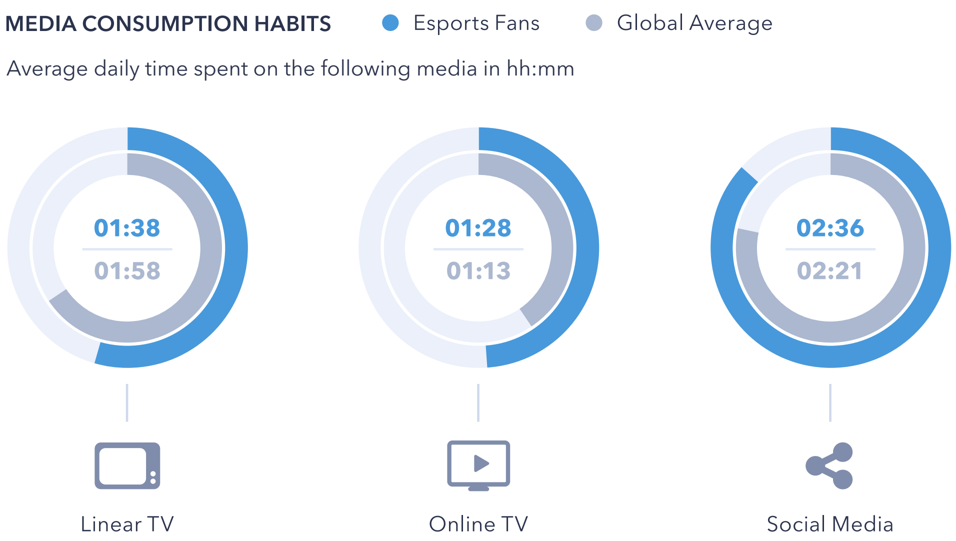
# The marketing potential in esports

# Distribution: Online vs offline

## Esports distribution

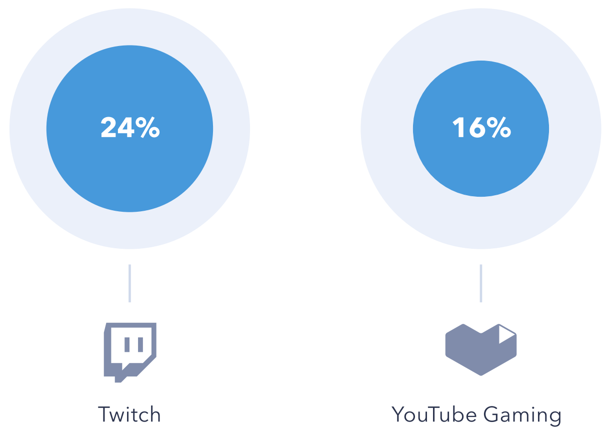
### MEDIA CONSUMPTION HABITS

Average daily time spent on the following media in hh:mm




### TOP WESTERN LIVE GAME STREAMING SITES

% who have visited the following services in the past month




The opening up of important new distribution channels for esports entertainment – particularly via broadcast TV networks – has shored up any doubts regarding its move into the mainstream. For example, international esports channel Ginx runs 24/7 to a global audience of 55 million households across 40 countries. Ginx creates its own programmes, talk shows, debates and documentaries, as well as acquiring content from licensed tournaments such as the ESL.

The aim here is to create more **in-depth content** that differs from the livestreaming element found on Amazon-owned streaming site Twitch. Ginx, and other broadcast TV networks, seem to be focused on **emphasizing the storytelling** element of esports. By interviewing players and going backstage at live events, they want to offer fans a more holistic and comprehensive picture of the esports space.

> Esports is likely to remain anchored online

**Question:** Roughly how many hours do you spend engaging with television/online TV/social media services during a typical day? // Which of the following sites / applications have you visited or used in the past month via your PC / Laptop, Mobile or Tablet?
**Source:** GlobalWebIndex Q4 2018 **Base:** 7,064 Esports Fans aged 16-64

# Distribution: Online vs offline

**And esports fans do watch traditional TV** – only 4% exclusively watch online TV. In fact, this audience clocks up an average of 1hr 34mins on their TV sets per day, although this is 20 minutes behind the average internet user. But what makes them especially interesting is that **they're now devoting almost as much time per day to online TV as they are to linear TV**. Esports fans are spending 10 minutes more per day watching online TV than the average internet user.

**Esports entertainment is still firmly anchored online, and this is unlikely to change any time soon**. Among the most dominant players in the esports broadcasting space are gaming-centric streaming sites like **Twitch** and **YouTube Gaming**, while in China it's **Douyu** and **Panda TV** that take their place. Part of the reason why these sites have provided such a suitable platform for esports entertainment lies in their **strong community offering**. That esports fans are 50% more likely to use a service for the community based around it gives an indication of why these sites resound so well among this group. They also offer an environment akin to that of a social network, which again strikes the mark among an audience spending **over 2.5 hrs on social media on average every day**.

Unlike traditional sports, **esports has first and foremost developed online**, and the online multiplayer games at its core are played all around the globe. As such, **the esports community is truly digital and global in stature**. Esports shows how new media distribution channels like Twitch and YouTube Gaming are in a perfect position here. **These platforms connect disparate groups of global individuals, and transform an otherwise niche activity into a major form of entertainment.** This helps explain why the League of Legends World Championship in 2018 **drew in a larger audience than the superbowl**. Linear TV does not have this borderless (or social) advantage, and this is probably why the likes of Twitch command such an influence over the genre.

> Esports fans are 50% more likely to use a service for the community based around it

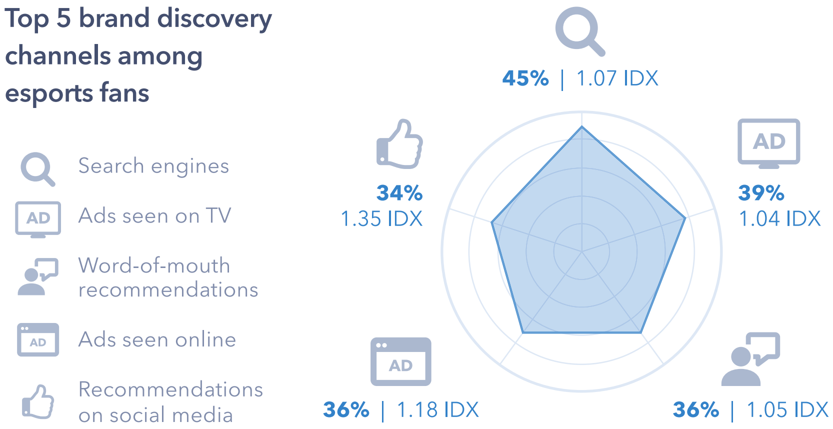
# Distribution: Online vs offline

**This digital-first mindset of esports fans is clearly represented in their marketing preferences.** Here, we see just how much value online streaming sites can provide to marketers in reaching this otherwise elusive audience.

In their brand discovery preferences, **three important themes emerge among esports fans; the importance of online video; a trust towards community-centric marketing; and an affinity towards influencer marketing from relevant personalities.** These are all core aspects of online streaming sites like Twitch. These platforms may command the esports broadcasting space, but they also host even more user-generated content among the esports community. **This ecosystem of content promotes discussion around the gaming franchises and leagues, and also gives rise to esports stars with their own channels, followings and personal brands.**

> 85% of esports fans are either blocking ads, using private browsing windows or deleting cookies

### Top 5 brand discovery channels among esports fans




### Brand discovery over-indexes vs. all 16-24s

% who say they discover new brands or products via the following sources

| | | INDEX VS ALL 16-24S |
|---|---|---|
| Deals on group-buying websites *(e.g. Groupon)* | 18% | 1.50 |
| Forums/message boards | 20% | 1.37 |
| Endorsements by celebrities or well-known individuals | 28% | 1.34 |
| Ads heard on the radio | 16% | 1.29 |
| Stories/articles on newspaper or magazine websites | 21% | 1.26 |
| Stories/articles in printed newspapers or magazines | 17% | 1.25 |
| Ads seen at the cinema | 22% | 1.24 |
| Product comparison websites | 25% | 1.24 |
| Consumer review sites | 29% | 1.24 |
| Posts or reviews from expert bloggers | 26% | 1.22 |

**Question:** In which of the following ways are you most likely to find out about new brands, products, or services? **Source:** GlobalWebIndex Q4 2018 **Base:** 1,875 Esports Fans aged 16-24

# The marketing potential in esports

**This presents an audience which responds well to organic marketing, especially via peer-to-peer (P2P) recommendations among fellow gamers – a natural interaction resulting from the community-based platforms.** As just one example of this, esports fans are 16% more likely than the average 16-24 year-old to promote a product if it is relevant to their friends' interests. It also shows an audience which may be elusive in nature due to their high levels of ad-blocking and cookie deleting, **but which can offer high returns when targeted through the esports community they collectively nurture**.

**Using private messaging apps is now the most popular method of sharing content, ahead of open social media platforms and word-of-mouth.** This shift in consumer behavior underlines how much marketing now comes through social media, and how marketers can use dark social specifically among this otherwise hard-to-reach audience. So-called 'dark social' platforms – private messaging apps that can't be accurately tracked – are where the most sharing takes place, ahead of social media and word-of-mouth. Discord, a real-time chat platform that makes it easier for gamers to communicate, now has more than 200 million people using the service and could be an important marketing channel if used correctly.

"What's clear is that social media engagement is shifting, and this presents as much of an opportunity as a challenge to brands. As public social media platforms increasingly fulfil the role of content consumption sources, private messaging platforms are now where meaningful conversations and recommendations are taking place between peers actively engaging with each other."

*Chase Buckle, Trends Manager, GlobalWebIndex*

**This is a very brand-engaged bunch** – they over-index for *all* of our 20 online brand interactions. So the problem is not in connecting these consumers with brands, but in getting them to take action once the interaction has taken place, especially given their propensity towards P2P marketing.

TREND IN ACTION

## Dr Pepper taps into residual brand equity in the esports space

While the brand had early activity in the esports area, which included becoming the official sponsor of Major League Gaming as far back as 2008, their attention shifted to college football a few years later. However, the brand returned to the virtual playing field in 2018, when it was named as a sponsor of Team SoloMid – an esports group with several professional teams.

The motivation behind this latest sponsorship decision, according to Dr Pepper's VP of media and entertainment Blaise D'Sylva, was simply the rising "buzz", "publicity" and popularity of this pastime, which attracts a huge audience of young, male consumers.

# The marketing potential in esports

### Brand advocacy

% of esports fans aged 16-24 who would promote a brand for the following reasons

| | % | INDEX VS ALL 16-24S |
|---|---|---|
| Access to exclusive content or services *(e.g. music, videos, etc)* | **31%** | 1.30 |
| The feeling of taking part/being involved | **30%** | 1.25 |
| When something enhances my online reputation/status | **20%** | 1.19 |
| When something is relevant to my own interests | **43%** | 1.17 |
| When something is relevant to my friends' interests | **26%** | 1.16 |
| Love for the brand | **45%** | 1.14 |
| When I have a personal/one-on-one relationship with a brand | **24%** | 1.13 |
| Having insider knowledge about the brand or its products | **24%** | 1.12 |
| High-quality products | **55%** | 1.05 |
| When I've received great customer service | **34%** | 1.02 |
| Rewards *(e.g. discounts, free gifts, etc)* | **45%** | 0.97 |

A look at this group's brand advocacy motivations provides further insight here. In order to prompt action, **brands must provide engaging content with a sense of exclusivity, while fostering a brand image which applies itself to the esports community.** Some of the highest brand advocacy over-indexes among esports fans show the important role their favorite brands can play in their online lives – one-to-one B2C relationships (24%), having insider knowledge about products (24%) and access to exclusive content (31%) feature prominently. Brands such as Mercedes-Benz, T-Mobile and Dr Pepper have each found success through integrating their products into esports, developing ownable platforms such as MVP (most valuable player) voting.

## Cinemas exploring the possibilities of esports


With esports fans 75% more likely than the average internet user to visit the cinema on a weekly basis (20% do), and 60% more likely to discover ads seen at the cinema (22% do), cinema could be a great interaction point for this highly engaged audience. And cinema chains are starting to catch on. Cineplex have been proactively pushing the envelope to become a diversified entertainment company, not content to merely rest on their laurels as Canada's leading cinema chain. Back in 2015, Cineplex acquired a majority 80% interest in WorldGaming for $15 million, and then invested a further $5 million to create an esports league to operate out of its theatres. Cinemark Theatres, one of USA's biggest movie chains, has also been experimenting with esports, making a small investment in Super League Gaming. Super League runs two kinds of gatherings in Cinemark theaters; in the afternoon, there are tournaments built around the *Minecraft* franchise and then later in the day the tournaments shift to teens

**Question:** What would most motivate you to promote your favorite brand online?
**Source:** GlobalWebIndex Q4 2018 **Base:** 1,875 Esports Fans aged 16-24

Esports

# The esports gaming landscape

# The esports gaming landscape

## Games played by esports fans

% of esports fans who have played the following gaming franchises in the past 12 months

| | | | | | |
|---|---|---|---|---|---|
| APAC | 48% League of Legends | 45% PlayerUnknown's Battlegrounds | 37% Plants vs. Zombies | 31% Need for Speed | 30% Counter Strike |
| EUROPE | 47% FIFA | 36% Grand Theft Auto | 34% Call of Duty | 32% Counter Strike | 32% League of Legends |
| LAT AM | 54% FIFA | 44% Mario | 40% Call of Duty | 38% Resident Evil | 37% League of Legends |
| MEA | 60% FIFA | 40% Grand Theft Auto | 38% Mario | 37% Call of Duty | 36% Need for Speed |
| NORTH AM | 46% Fortnite | 44% Call of Duty | 38% Grand Theft Auto | 33% FIFA | 32% Battlefield |

**Question:** Which of these games / gaming franchises have you played in the last 12 months?
**Source:** GlobalWebIndex Q4 2018 **Base:** 7,064 Esports Fans aged 16-64

# The esports gaming landscape

It's clear that **the esports audience is composed of its own subsets of groups, most often divided by the genre's most popular gaming franchises**. Similar to the film industry, a broad array of sub-genres in gaming entertainment (such as fantasy role playing games, sports-based games and first-person shooters, etc.) can lead to fairly unique sub-audiences with differing interests and attitudes. This is especially relevant given that esports doesn't have a central governing body, so treating it as a cohesive and consistent space can be slightly misleading.

We've already seen how resistant esports fans are to marketing efforts which are not aligned with their own interests or expectations. As such, for marketers to make an impact in this industry, it's crucial to approach them with a diversified communication strategy. **This means treating the esports audience as a diverse group to best deliver the brand's message and appeal to their unique interests.**

**A look at engagement with esports tournaments among players of each gaming franchise shows how popular fantasy multiplayer online battle arena (MOBA) games and first-person shooters are to the industry.** While the majority of the top five gaming franchises in our chart fall within these two categories, there are signs other genres – such as card *(Hearthstone)*, vehicular *(Rocket League)* and strategy games *(Starcraft)* – are becoming increasingly popular. For these genres to eclipse MOBA-style games, **game developers need to make sure their titles have cut-through in a competitive environment**.

## Gaming franchises & esports engagement

% of players of each gaming franchise who watched an esports tournament last month

| | | TOP REGION | GAME TYPE |
|---|---|---|---|
| **64%** | Overwatch | **NorthAm** | *First-Person Shooter* |
| **64%** | Hearthstone | **APAC** | *Warcraft/Card* |
| **62%** | Heroes of the Storm | **MEA** | *MOBA* |
| **58%** | PlayerUnknown's Battlegrounds | **APAC** | *MOBA* |
| **58%** | League of Legends | **APAC** | *MOBA* |
| **56%** | Rocket League | **NorthAm** | *Vehicular/Sport* |
| **56%** | Defense of the Ancients (DotA) | **MEA** | *MOBA/Warcraft* |
| **55%** | Starcraft | **APAC** | *Strategy* |
| **54%** | Project Cars | **MEA** | *Vehicular* |
| **54%** | World of Warcraft | **APAC** | *Warcraft* |

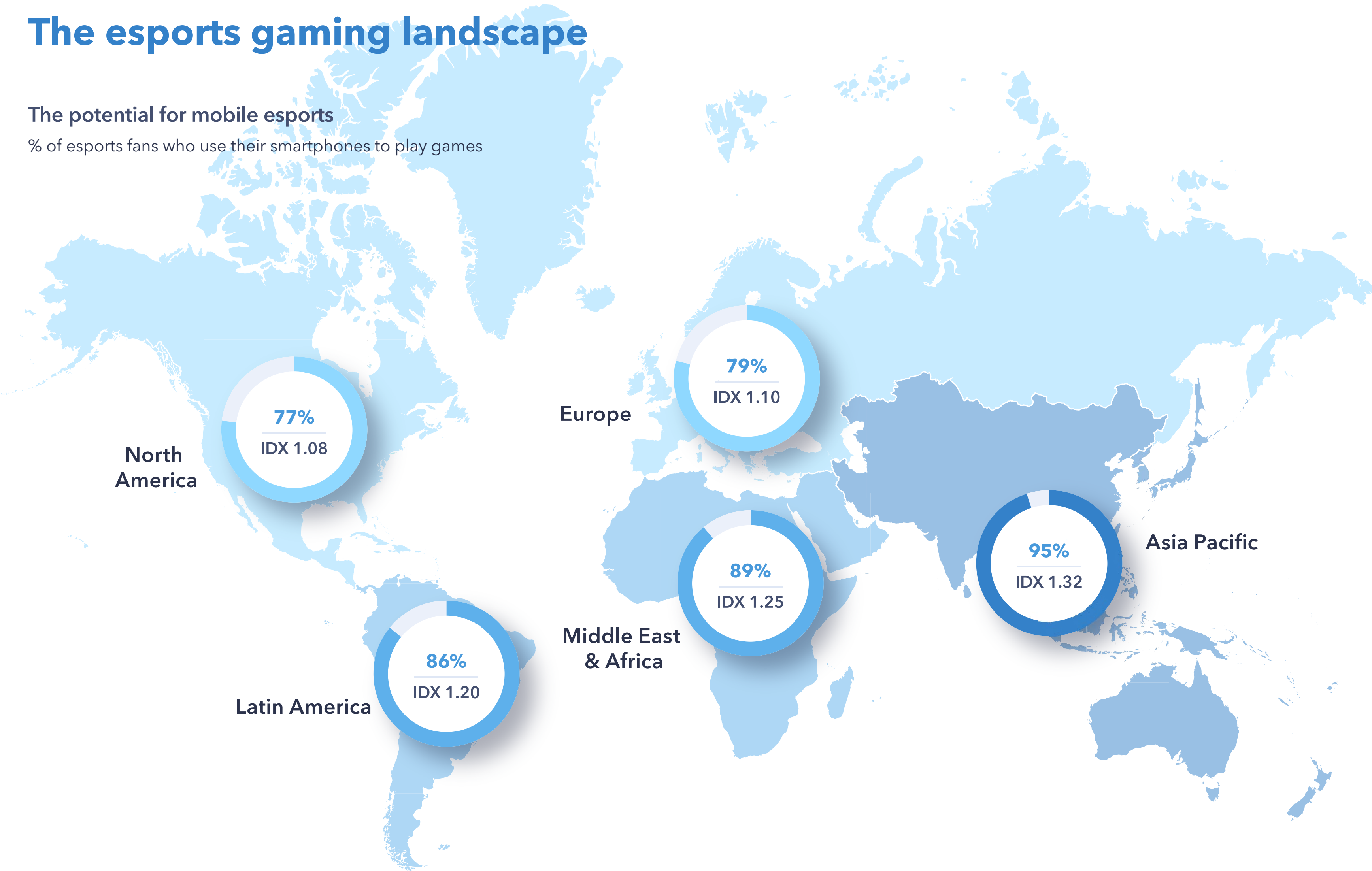
Esports fans are a diverse group with a broad range of interests and preferences.

**Question:** Which of these gaming-related activities have you done in the last month? Watched an e-sports tournament
**Source:** GlobalWebIndex Q4 2018 **Base:** Players of each gaming franchise aged 16-64

# The esports gaming landscape

## The potential for mobile esports

% of esports fans who use their smartphones to play games




The importance of APAC in the esports scene signals a bright future for mobile game-based esports leagues

**Note:** Indexes are against the global average

**Question:** Which of these devices do you use to play games?
**Source:** GlobalWebIndex Q4 2018 **Base:** 7,064 Esports Fans aged 16-64

# The esports gaming landscape

What's also clear is the influence of certain APAC markets and their prominence in the esports landscape. Although all of the top ten gaming franchises have a considerable presence in other regions too, **it's gamers in APAC who display the strongest engagement rates with the majority of the franchises**.

Professionally competitive gaming has for the most part revolved around PC and console gaming. But globally, smartphones are the top gaming device by some distance, with APAC internet users being the most enthusiastic mobile gamers. 95% of esports fans say they use their smartphones to play games, 1.3x the global average. **For many internet users in much of the APAC region, smartphones would have been their initial point of access online.** As well as being the most commonly owned device in APAC, smartphones are overwhelmingly cited as internet users' most important device for getting online.

In fact, **APAC is already leading the way in mobile esports**. Chinese company Tencent already has a significant stake in popular esports titles like *League of Legends, Call of Duty* and *World of Warcraft*. That mobile gaming composes such a substantial share of the company's revenue gives some indication of why it is **pushing mobile gaming to the fore in esports**. However, Tencent have faced increasing challenges dealing with Chinese governmental regulations regarding the gaming industry. *PlayersUnknown's Battleground Mobile*, which should have been hugely profitable for Tencent in China, has been blocked from including in-game purchases.

> Prominent esports games such as *League of Legends, FIFA, Grand Theft Auto* and *Call of Duty* all have considerable global appeal

TREND IN ACTION

## Fortnite announces World Cup with $100 million prize pool


Ten weekly **qualifiers** for the 2019 Fortnite World Cup will begin in April, with 100 solo players and 50 teams of pairs going forward to the $30 million finals in New York. $30 million will be going towards the World Cup Finals prize pool, and then a further $1 million is set aside for weekly tournaments that will feature a "wider variety of modes and formats to open up the competitive playing field". The $30 million purse for the final surpasses the previous record holder – Data 2 – which had a fan-funded prize pool of $25 million in 2018. However, Epic Games have recently come under fire for not giving players the resources they need to prepare and practice for it; competitive Fortnite gameplay is world's apart from the casual gameplay of the core default modes. This is especially true when it comes to the 'end-game' phase of competitive matches – the time when 10-20 professional players are nearing the final circle at which point the skills and strategy people need to succeed are different. After briefly enabling some competitive players with custom matchmaking to simulate this end-game phase, it is now no longer available, leaving players with very few options to properly practice.

## Esports

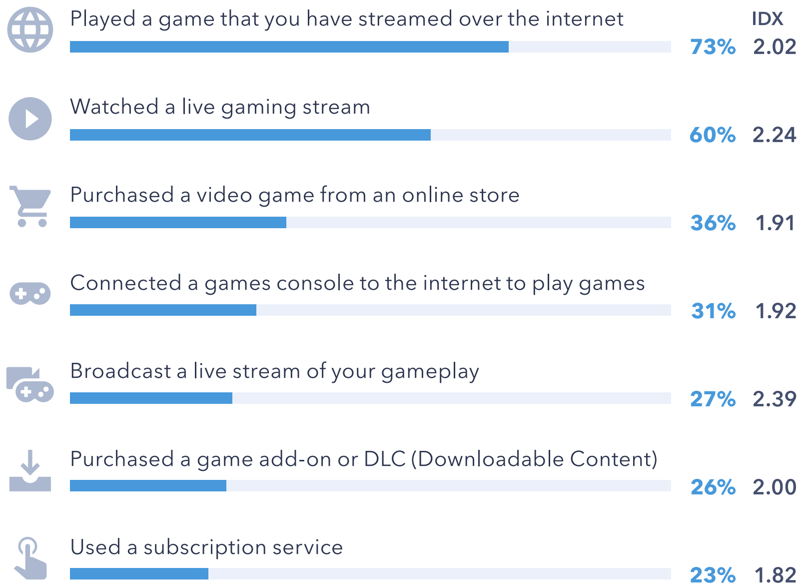
# APAC at the apex

Trend Report 2019

# APAC at the apex

### Esports Fans in APAC

*% of esports fans in APAC who have done the following activities in the past month...*




Competitive video gaming is a serious business in APAC; according to our data,**81% of the world's esports audience come from APAC**. Esports player academies are even sprouting up in China, while in Japan gamers seeking an edge are boosting the fortunes of vendors of sophisticated, high-spec electronic devices. Esports has been surprisingly nascent in Japan, and an industry that has continuously inked television deals and big name partnerships has largely left Japan behind. Japan's strict gambling laws seem to be at the root explanation behind esports' slow growth, as well as a culture that tends to prefer playing games against the CPU rather than MOBA games that involve cooperation and team-building strategies.

**China is set to overtake the U.S. as the highest-earning esports country in 2019**, according to a **report by esports research company BetHut**. The thriving game industry may have started in South Korea, but it has spread to China at a fast pace. Tencent have played a major role in the growth of esports in China, developing games like Honor of Kings which made revenue of $1.3 billion in 2018 and has its own esports league established by Tencent. And last year's final match of the *League of Legends* World Championship held in Beijing's Bird's Nest stadium attracted more than 40,000 people in attendance.

Chinese authorities have noticed the financial potential in esports, investing heavily into infrastructure such as stadiums, training facilities and even **an entire sports town in Hangzhou**. And Chinese esports club Weibo have announced a partnership with Wolves F.C. to form a new esports team in China called Wolves Weibo esports, managed by Shanghai Jingzong Culture Media Company. The team will look to compete in China's professional *FIFA* tournament. Wolves follow the likes of PSG, who have a collaboration with LGD Gaming and host streams across a variety of esports – most notably *Dota2*.

**Question:** Which of these devices do you use to play games?
**Source:** GlobalWebIndex Q4 2018 **Base:** 3,681 Esports Fans in APAC aged 16-64

Esports

# Learning from traditional sports' example

Trend Report 2019

# Learning from traditional sports' example

**Some of the most important developments in the esports industry have involved structural changes in the composition of leagues and the franchising of esports teams.** Unsurprisingly, many of the traditional sports teams that are investing time and money into esports are those where simulation games of those sports are most popular. Soccer clubs such as Ajax, Sporting Lisbon and Manchester City have all got involved in FIFA esports in varying degrees. Likewise, the NBA 2K League, an esports initiative for professional players of the basketball sim, now has 21 NBA teams on board.

However, while these are some of the biggest examples of traditional sports teams and their involvement in esports, other teams are becoming involved in completely unrelated esports titles. FC Schalke have purchased the *League of Legends* team Elements, and Valencia F.C. have invested in both *Rocket League* and *Hearthstone*. Meanwhile, the Golden State Warriors, the Houston Rockets and the Sacramento Kings have all invested in League of Legends teams. In total, **seven out of the 10 teams featured in the *League of Legends* Championship Series now have a connection to official NBA teams**, **which has brought a lot of capital to the table**.

The cross-over between management of traditional sports and esports teams could also give traditional club owners a headstart in the industry; **experience of managing a traditional team makes for better fan engagement and advertising**.

**These partnerships also provide big benefits for esports too, including greater exposure and legitimacy.** With traditional sports as a model, esports leagues have been able to develop stable infrastructures very rapidly over a short period of time, **mimicking traditional sports leagues like revenue sharing agreements and player-centric features**. Both *League of Legends* and *Overwatch* have adopted the franchise model used in traditional American sports with massive team buy-ins – $10 million for the former and $20 million for the latter.

> Esports fans are 45% more likely, compared to all 16-24 year olds, to have purchased sports clothing or equipment in the past month

> "[When developing the League of Legends Academy] the NBA G-league, we looked at the Academy systems globally from soccer teams… The English Premier League and MLS academy systems were a big influence for us"
>
> *NA LCS commissioner Chris Greeley.*

Notably, 94% of esports fans already watch at least one of our 30 tracked sports competitions online or on TV, showing a level of familiarity with traditional sports competition models. **Esports adopting these models should allow for it to become more accessible for those looking to follow its competitions.**

These developments which parallel esports with the traditional sports industry are crucial to its future. This will also help to **establish permanent team slots** in the leagues to encourage long-standing investments from team owners, thereby fostering long-term talent within each team. Riot Games, owned by China's Tencent, last year revamped a North American league in which teams bought slots for $10m from which they cannot be relegated. Similar to the NBA, such leagues attract sponsors and promise a steady income.

# Learning from traditional sports' example

### Sports Brand and Team Engagament Amongst Esports Fans

% of esports fans who have purchased from the following brands in the past year (versus all 16-24s)*


% who say they support the following European soccer teams as their main club

| | |
|---|---|
| FC Barcelona | 16% |
| Real Madrid | 16% |
| Manchester United | 13% |
| AC Milan | 9% |
| Liverpool | 9% |

% who say they follow these NBA teams

| | |
|---|---|
| Los Angeles Lakers | 25% |
| Houston Rockets | 24% |
| Golden State Warriors | 20% |
| Chicago Bulls | 16% |
| Boston Celtics | 11% |

## Nike makes their move into esports

The sports apparel giant have **signed a four-year-deal** with the League of Legends Pro League in China. Nike will supply every squad with sneakers, casual clothing and professional jerseys, and all Nike-produced garments will be available to purchase at the Mid-Season Invitational in May. It is the first time Nike has formally sponsored an esports team or competition.

* Indexes in this chart are against global 16-24-year-old internet users

**Question:** Which of these products have you or your household purchased in the last month?
**Source:** GlobalWebIndex Q4 2018 **Base:** 7,064 Esports Fans aged 16-64

# Future outlook

**Traditional sports clubs will continue to invest, and esports leagues will continue to emulate traditional sports structures.** Whether it's straight-up acquiring majority shares in organizations (such as OpTic Gaming), investing and partnering with local companies, or entering the scene through a safe route (soccer teams expanding into *FIFA*, for example), there's been an abundance of instances in recent times.

Activision Blizzard has brought in eight new investors to own expansion teams in the Overwatch League, but there are still significant barriers to overcome. **Average viewership has declined steadily** over the course of the inaugural season, with many esports fans finding the game too hectic to follow. The second season of the Overwatch League kicked off in February, and is a huge chance to address growing problems and restore faith in the gameplay.

**Battle Royale to dominate**. With *Fortnite* and *PlayerUnknown's Battleground* both having their share of extraordinary success in terms of viewing and playing figures, the genre was truly put on the map. Battle Royale is likely to continue to thrive and evolve in 2019 – *Apex Legends* is already on its way to becoming one of the biggest games in the world, and *PUBG* is launching six Pro Leagues with three additional pro circuits.

**With the upcoming introduction of 5G, we expect to see mobile esports' presence in the industry grow quickly**. Compared with computer games, mobile games can be rolled out in overseas markets in more diversified ways, and are projected to grow exponentially. Tencent's central role in mobile gaming and its investments into mobile game developers outside of Chinese borders are part of the wider picture of major Chinese tech companies developing a global strategy to build their presence outside of their home market. **Accessibility is a huge factor in the attractiveness of mobile esports**, and titles such as *Clash Royale* have proved that mobile games don't need to merely be portable versions of PC titles. While multiplayer online battle arena gamers such as *Dota2* and *League of Legends* are undeniably popular, **originality could well trump these modified games**.

To crack the esports scene, **marketers must grasp the importance of community among the esports fanbase, as well as the power of peer-to-peer marketing in these communities**. Understanding how these communities are held together by interests and knowledge of particular gaming titles will help to enlighten marketers on what kinds of messages will resonate well among esports fans. Above all these brand messages need to be authentic for them to strike a note.

With esports becoming a hugely profitable space, along with the **rise of esports betting**, it will have to deal with **problems inherent in traditional sports such as match-fixing and betting fraud**. Popular competitive games such as *Counter-Strike: Global Offensive, League of Legends* and *Overwatch* have all experienced match-fixing scandals in recent years. Unregulated gambling on esports became significantly easier with the introduction of skins: virtual collectibles that have become a virtual currency, with rare items attaining a real-world value of thousands of pounds. This has resulted in a skins gambling economy that is a lot harder to monitor than cash.

# Notes on Methodology

All figures in this report are drawn from **GlobalWebIndex's online research among internet users aged 16-64**. Please note that we only interview respondents aged 16-64 and our figures are representative of the **online** populations of each market, not its total population.

## OUR RESEARCH

Each year, GlobalWebIndex interviews over 550,000 internet users aged 16-64. Respondents complete an **online questionnaire** that asks them a wide range of questions about their lives, lifestyles and digital behaviors. **We source these respondents in partnership with a number of industry-leading panel providers**. Each respondent who takes a GWI survey is assigned a unique and persistent identifier regardless of the site/panel to which they belong and **no respondent can participate in our survey more than once a year** (with the exception of internet users in Egypt, Saudi Arabia, and the UAE, where respondents are allowed to complete the survey at 6-month intervals).

## OUR QUOTAS

To ensure that **our research is reflective of the online population in each market**, we set appropriate **quotas on age, gender, and education** – meaning that we interview representative numbers of men vs women, of 16-24s, 25-34s, 35-44s, 45-54s and 55-64s, and of people with secondary vs tertiary education.

To do this, we conduct research across a range of international and national sources, including the World Bank, the ITU, the International Labour Organization, the CIA Factbook, Eurostat, the US Bureau of Labor Statistics as well as a range of national statistics sources, government departments and other credible and robust third-party sources.

This research is also used to calculate the 'weight' of each respondent; that is, approximately how many people (of the same gender, age, and educational attainment) are represented by their responses.

## MOBILE SURVEY RESPONDENTS

**From Q1 2017 on, GlobalWebIndex has offered our Core survey on mobile.** This allows us to survey internet users who prefer using a mobile or are mobile-only (who use a mobile to get online but do not use or own any other device). Mobile respondents complete a shorter version of our Core survey, answering 50 questions, all carefully adapted to be compatible with mobile screens.

**Please note that the sample sizes presented in the charts throughout this report may differ** as some will include both mobile and PC/laptop/tablet respondents and others will include **only** respondents who completed GWI's Core survey via PC/laptop/tablet. For more details on our methodology for mobile surveys and the questions asked to mobile respondents, please download this **document**.

## GLOBALWEBINDEX SAMPLE SIZE BY MARKET

This report draws insights from GlobalWebIndex's Q4 2018 wave of research across 45 countries, which had a global sample size of 138,962 respondents. The sample by market breaks down as follows:

| | |
|---|---|
| Argentina | 1,543 |
| Australia | 4,019 |
| Austria | 1,271 |
| Belgium | 1,279 |
| Brazil | 2,314 |
| Canada | 2,265 |
| China | 15,130 |
| Colombia | 1,473 |
| Denmark | 1,258 |
| Egypt | 1,763 |
| France | 5,095 |
| Germany | 5,135 |
| Ghana | 1,000 |
| Hong Kong | 1,821 |
| India | 7,522 |
| Indonesia | 1,747 |
| Ireland | 1,239 |
| Italy | 5,188 |
| Japan | 1,800 |
| Kenya | 1,000 |
| Malaysia | 1,535 |
| Mexico | 2,641 |
| Morocco | 1,000 |

| | |
|---|---|
| Netherlands | 1,300 |
| New Zealand | 1,278 |
| Nigeria | 1,000 |
| Philippines | 1,608 |
| Poland | 1,801 |
| Portugal | 1,265 |
| Romania | 1,307 |
| Russia | 2,211 |
| Saudi Arabia | 1,473 |
| Singapore | 2,737 |
| South Africa | 1,531 |
| South Korea | 1,268 |
| Spain | 5,161 |
| Sweden | 1,302 |
| Switzerland | 1,261 |
| Taiwan | 1,755 |
| Thailand | 1,492 |
| Turkey | 1,632 |
| UAE | 1,755 |
| UK | 10,201 |
| USA | 24,995 |
| Vietnam | 1,591 |

# Notes on Methodology: Internet Penetration Rates

### ACROSS GLOBALWEBINDEX'S MARKETS

**GlobalWebIndex's research focuses exclusively on the internet population** and because internet penetration rates can vary significantly between countries (from a high of 90%+ in parts of Europe to lows of c.20% in parts of APAC), the nature of our samples is impacted accordingly.

**Where a market has a high internet penetration rate, its online population will be relatively similar to its total population** and hence we will see good representation across all age, gender and education breaks. This is typically the case across North America, Western Europe and parts of Asia Pacific such as Japan, Australia and New Zealand. Where a market has a medium to low internet penetration, its online population can be very different to its total population; broadly speaking, the **lower the country's overall internet penetration rate, the more likely it is that its internet users will be young, urban, affluent and educated.** This is the case throughout much of LatAm, MEA and Asia Pacific.

This table provides GlobalWebIndex forecasts on internet penetration (defined as the number of internet users per 100 people) in 2019. This forecasted data is based upon the latest internet penetration estimates from the International Telecommunication Union (ITU) for each market that GlobalWebIndex conducts online research in.

### GLOBALWEBINDEX VERSUS ITU FIGURES

As GlobalWebIndex's Core Research is conducted among 16-64 year-olds, we supplement the internet penetration forecasts for a country's total population (reproduced above) with internet penetration forecasts for 16-64s specifically.

Forecasts for 16-64s will be higher than our forecasts for total population, since 16-64s are the most likely age groups to be using the internet.

**Internet Penetration Rates**

GlobalWebIndex's Forecasts for 2019 based on 2017 ITU data

| | | | | | |
|---|---|---|---|---|---|
| Argentina | 78% | Indonesia | 39% | Russia | 80% |
| Australia | 88% | Ireland | 87% | Saudi Arabia | 83% |
| Austria | 88% | Italy | 62% | Singapore | 85% |
| Belgium | 89% | Japan | 92% | South Africa | 62% |
| Brazil | 71% | Kenya | 43% | South Korea | 95% |
| Canada | 94% | Malaysia | 83% | Spain | 87% |
| China | 59% | Mexico | 69% | Sweden | 96% |
| Colombia | 66% | Morocco | 69% | Switzerland | 96% |
| Denmark | 97% | Netherlands | 93% | Taiwan | 83% |
| Egypt | 54% | New Zealand | 93% | Thailand | 58% |
| France | 85% | Nigeria | 36% | Turkey | 71% |
| Germany | 88% | Philippines | 64% | UAE | 95% |
| Ghana | 48% | Poland | 79% | UK | 96% |
| Hong Kong | 91% | Portugal | 78% | USA | 80% |
| India | 42% | Romania | 72% | Vietnam | 55% |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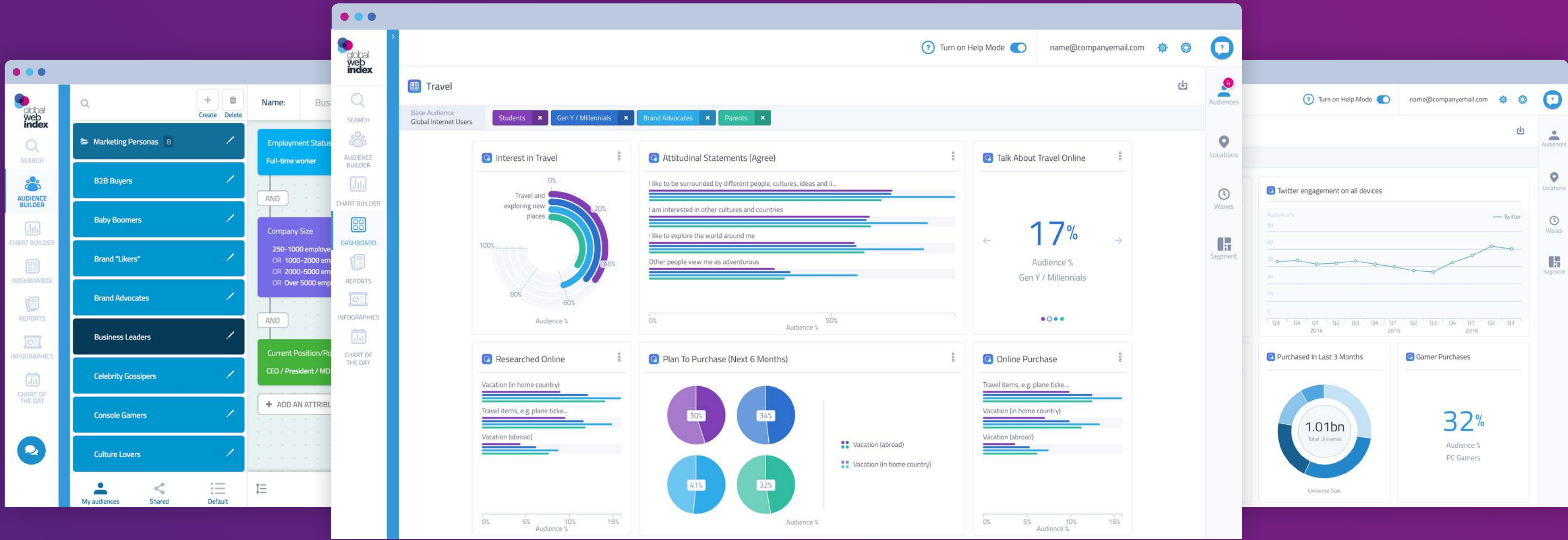


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