

MEDIA INTELLIGENCE REPORT: ONLINE GAMING & ESPORTS





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Online gaming and esports are each playing a significant role in keeping the world sane and connected during the Coronavirus pandemic. And each will likely continue to do so in the post-COVID, contact-shy world. Where do brands fit in this new paradigm? In a landscape where the focus has shifted from inperson superiority to one of virtual necessity, there is a lot to learn. And the gaming/esports realm has a head-start on the rest of us.

This report will share:

■ The current gaming conversation, and how it has shifted in from pre-COVID-19 to now



- Gaming's impact on the economy, and its potential impact in the coming year(s)
- A look at shifting traditionally in-person events and sports to online and how this is resonating with fans, along with the benefits and challenges
- Brands making the most of gaming and esports—how does it look? Any lessons learned so far?
- Who are companies/individual key opinion leaders (KOLs) in the space, and what is it about them that generates so much conversation?

Let's dive in!



After designating "video game addiction" as an official mental health disorder in May of 2019, WHO is now **promoting it as an effective means to fight COVID-19**. And that shift is indicative of what is happening worldwide, as Esports and Gaming have become everything to consumers. And, if they're paying attention—to brands.

Brands *should* have been paying attention to gaming ahead of this, of course—as its gender, age and 'any other measure one can think of' agnostic. There's a gaming audience for most brands active online, just waiting to be found. And many brands had begun to do just that as this virus started to hit, but their efforts were largely focused on stereotypical sub-segments seeking energy drinks.

But now, as millions hunker indoors looking for ways to alleviate their boredom and stress over COVID-19, online resources—and distractions—are invaluable. And esports/Gaming are seeing a surge of newcomers.

Just as a frame of reference, esports revenue in 2012 was a paltry \$130 million. 2019 saw total revenue climb to \$957.5 million, a growth of 23.3% over 2018.

Even with the 2020 forecast dropped slightly because of the Coronavirus pandemic, esports revenue is still projected to grow by 10.6% to \$1,059.3 million.

Right alongside revenue, esports audience growth is also increasing year over year. 2016 saw overall viewership numbers of 281 million. 2017 saw growth of 19.3%, while 2018 grew by 13.8% for a total

of 380 million viewers. And total audience is projected to grow by 14.4% to well over half a billion viewers by 2021.

But it's not just the games that are the draw. Actually, not even close. It's the game play—and the esports athletes that front them.



And it's not all milk and honey for game makers right now. There are **logistical demands that face the virtual world**—as game design requires powerful processing and collaborative capabilities that aren't always available at home. But they're meeting demand and keeping esport athletes busy streaming.

Riot Games, the titan behind the wildly popular game, *League of Legends*, has just released a closed beta version of its upcoming first-person shooter, *Valorant*, which is set for release in the summer of 2020.

These "beta drops" which is basically an invite to download the beta version of the game, boost numbers significantly. Until the game is released, these drops are only available randomly and you can only get it **if you are watching Twitch streams** of pro-gamers playing *Valorant*.

This sends throngs of viewers to Twitch channels and creates quite the stir in the gaming community as gamers yearn to get in on the action.

Interestingly, all of the top players in the niche are playing it while streaming it on their channels or in places such as ESPN's Twitch channel. As fans watch their favorite gamers duke it out online, it's driving massive interest.

All of the top esport athletes and teams have dizzying numbers of followers and their sphere of influence is being leveraged in creative ways. We will get to that soon. But first, let's get a better lay of the land.





Esports or online gaming generally fall into seven categories, with a few popular stragglers that don't fit into any one category, like Pokemon. There is, of course, traditional sports, like Soccer and Football but the other categories are decisively more video game-esque.

With a vast array of gaming categories like First Person Shooter, 3rd Person Shooter, Racing, Real Time Strategy, Multi-Player Battle Arena, and general Fighting Games such as Street Fighter, esports has something for everyone. There's even drone racing—and it's becoming increasingly popular as well. But what isn't that's esports/gaming related these days?



Paulo Vitor Damo da Rosa

Paulo Vitor Damo da Rosa is a Brazilian Magic: The Gathering player. In 2011, Paulo Vitor Damo da Rosa became the youngest player to ever reach 300 lifetime Pro Points. Wikipedia And if you imagine characters like Beavis and Butthead sitting in flannels in someone's basement as the people playing this uptrending operation, you'd be wrong. The people playing these games look more like **Paulo Vitor Damo da Rosa** who so far in 2020 has earned \$337,800.00 from seven Tournaments.

Elite pro-gamers earn coveted spots on brand-sponsored esport teams that compete globally for prestige and **serious prize money**. The biggest tournaments are usually game-specific and have record-breaking prize pools year after year.

The number of tournaments in esports blossomed to over 4,000 global events in 2019 and divvied out over \$211 million in prize money to players. In terms of prize pool, the biggest tournament by a long shot is The International which was held in Shanghai last year with a purse of just over \$34 million. It draws top teams specializing in Dota 2 (Defense of the Ancients) from around the world who compete for a staggering amount of money.

Epic Games took the 2nd spot in prize money last year handing out over \$30 million during the 2019 Fortnite World Cup Finals.

Due to the Covid-19 pandemic, all of the major tournaments have been cancelled or postponed just like we've seen happen with the Premier League, Series A, Primera, NBA, NHL and MLB seasons.

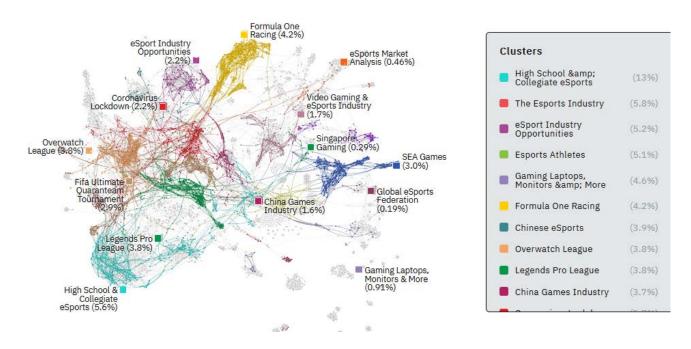


But with a projected amount of **495 million players in 2020**, and **viewers predicted** to grow exponentially as well, the question becomes how will this positively impact the global economy—particularly in light of our "new normal" moving many things online? Because even the gaming/esport industry had an in-person side that has taken a hit, so this is new for them as well. Just not as new.



When COVID-19 hit, it not only forced much of us indoors, but it also caused business, companies and brands to re-think consumer connection. Some companies were ideally suited to make this transformation than others, such as online gaming. Though esports are an online past time, traditionally they have been played in person, filling up large arenas for tournaments and big competitions.

By looking at the clusters below, we can see just how massive esports has become, and what the conversation is looking like during the past three months, particularly when it comes to tournaments.



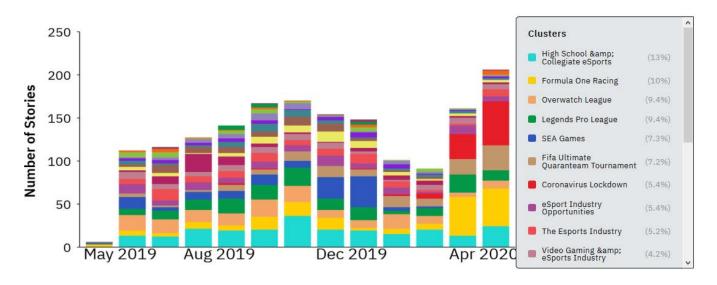
With tournaments being canceled due to COVID-19, some elements of esports have been financially affected. In-person events deliver substantial amounts of revenue for game publishers and event organizers. However, a larger number of new consumers are entering the field of esports for the first time, perhaps helping to level the financial playing field in the long run.

Mark Nagel, a professor of sport and entertainment management in the College of Hospitality, Retail and Sport Management offered this insight in an interview with University of South Carolina, "While the esports industry has not experienced the same level of financial harm as many traditional sports and the overall esports industry is certainly growing, there are some concerns about fan behavior if some elements of the industry cannot be accessed."

Like so many avenues in business, it is a game of waiting, patience and having the right tools to help companies evaluate when, where and how to strike.

Using this timeline view gives us a chance to see what topics relating to and within esports tournaments, as well as leagues and championships, are being discussed, giving brands a chance to see how they can best be a part of the winning conversation.

Timeline

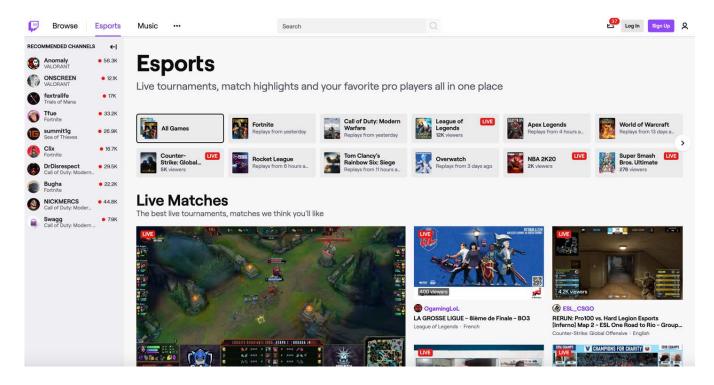


Despite the loss of ticket and merchandise sales, as well as the cancelled and postponed events, **Newzoo** expects streaming revenues to grow faster than first forecast.

Forced social distancing has led to higher viewership across various over-the-top (OTT) platforms, meaning **team streaming revenues are set to increase** from US\$18.2 million to US\$19.9 million in 2020, and US\$31.6 million to US\$34.4 million in 2023.

All of this is good news for the future of esports. But it's also an opportunity for brands wishing to reach a wider audience. And there have been many to step up, but one stands out—**Twitch**.

The world's leading live streaming platform for gamers offers a newly released **esports directory**. And it is mutually beneficial to both viewers and gamers. It helps viewers find live matches, information on players, games with active competition leagues, a directory of players and more. And it helps gamers get found!



It's an incredibly ingenious way of leveraging the influence of top esports athletes to move the needle on the conversation surrounding an upcoming release—and generate incredible anticipation around each—and the brands that sponsor them.

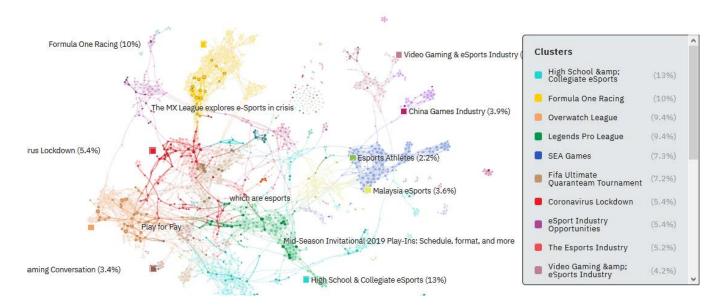


Twitch continues to reach **all-time highs** for hours watched, hours streamed and average concurrent viewership in the first quarter of 2020.

In the clusters below, we see conversations about Twitch within different categories, from leagues to schools. Twitch is proving to be a friend to quarantined people everywhere. And to brands:



Twitch



Twitch's new directory puts it ahead of the trend that will see many esports events shift to digital-only formats. And this shift will lead to higher streaming revenues in the future, as isolation guides more users online and encourages a new fanbase. Smart.

And where we see Twitch coming out ahead in the switch to online esports, fashion lion Louis Vuitton made similar moves in the fashion scene, when it pounced a year ago and was ahead of *everyone*:

Articles sorted by relevance

Louis Vuitton gets into League of Legends

WARC (September 23, 2019)

Louis Vuitton Partners With Riot Games for E-Sports Tournament

The Business of Fashion (September 24, 2019)

EXCLUSIVE: Louis Vuitton, NBA Confirm Multiyear Partnership

Forex TV (January 22, 2020)

Louis Vuitton To Design Trophy





In 2019, seeing an amazing opportunity to reach consumers, **Louis Vuitton** partnered with Riot Games to design a one-of-a-kind Trophy Travel Case to hold the Summoner's Cup, the most prestigious prize in esports.

Riot Games organizes the League of Legends World Championship every year and the collaboration of these two powerhouses was unprecedented. The tournament featured not only the cup, but LV designed high-tech elements inspired by the League of Legends universe.

In addition, LV designed unique champion skins and a capsule collection designed by Louis Vuitton's Artistic Director of Women's collections Nicolas Ghesquière, who was also a part of the games.



There are actually **quite a few ways** that brands are making the most of this gaming and esport potential—and we'll take a peek at several doing it right.

Some brands go with the league/tournament sponsorship route, as Honda did with the National Hockey League. While prior to the pandemic outbreak, Honda was already the NHL's Official Automotive Partner—it has now struck a deal with ESL Gaming and the NHL to present the first NHL Player Gaming Challenge.

The challenge features 4 weeks, beginning April 30th, of EA Sports NHL20 gameplay between all 31 NHL teams with each match featuring actual players from each team. The matches will be broadcast both on-air, and online. It's a creative move on Honda's part which further cements its place in esports, while bringing fresh content to hockey fans:







One of the more popular forms of brand partnerships in esports and gaming is definitely team sponsorship. In reality, the only limitations with brands in terms of **esport sponsorships** is how far they want to take it.

From a minor sponsorship with a niche team, to going out and signing 5 top teams **like BMW did**—opportunities for brands in esports are growing and are showing no sign of slowing down. **Audi is in on the league sponsorship action too**.

And then we see beverage companies like Monster, **Red Bull** and Mountain Dew that have their drinks on gaming desks the world over.

And brands also dole out sponsorships via partnerships with individual gamers, or 'streamers,' that broadcast their gameplay to their viewers on streaming platforms beyond Twitch—like Microsoft's Mixer.

The top players on these streaming platforms are a mixed bag of independent players and individuals from recognized teams. Brands are flocking to these types of esport athletes due to

the sheer size of their follower counts. Suffice it to say, the neighborhood of 20 million YouTube subscribers is a good frame of reference for the amount of viewership that top gamers generate.

Brands that are sponsoring esport athletes in the streaming niche often provide branded apparel or in-stream QR codes that viewers can use to purchase sponsored products at a discount.

When a popular streamer backs a product or service, that brand can expect a *lot* of traction.

Just ask Adidas who recently partnered with famous Fortnite streamer "Ninja" to release a limited-edition shoe designed by the gamer. They sold out in under an hour.





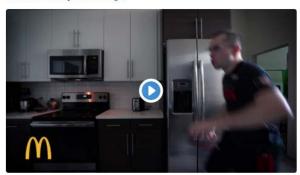
Looks from the Nike x LPL collection.

CREDIT: NIK



Welcome to the ATL Reign family, @McDonalds!

Get your favorites from McDonald's delivered straight to you with McDelivery through DoorDash or UberEats. From now until April 6, get a \$0 delivery fee on orders of \$15 or more when you use McDelivery #LetItReign



738 6:15 PM - Mar 31, 2020

And then **Louis Vuitton and Nike** are keeping their fashion front and center in the gaming world as well by outfitting League of Legends players with official gear:

Some brands are new to the esports market and others such as Bud Lite and McDonald's have broadened their sponsorship coverage as millions following stay-athome orders tune in.

McDonald's is a good example of a non-endemic brand we've seen making moves in the esports industry. That's great news for brands that don't necessarily have a product that initially seems like a natural fit. And other top brands are doing it too.



Like how **Gillette partnered with Twitch** to form the Gillette Gaming Alliance. In addition to partnering with a team of Twitch streamers for content creation, it also offers perks to Twitch users for purchasing through the Gillette website.

Brands recognize that opportunity is everywhere, even where you least expect it . . . like schools.

1





Didn't you always hear that video games will rot your brain? Well, the growing popularity of esports has **high schools, hedging their bets** and offering online gaming as a part of the sports department. They're not only allowing but are now encouraging students to participate in and receive scholarships through online gaming programs.

These scholarships can be used for college. And, in fact, there are programs at more than 130 colleges, giving away more than \$15 million in gaming scholarships, according to the National Association of Collegiate esports. On average, esports players score higher than other athletes on the math section of college admissions tests, and they tend to pursue degrees in science, technology, engineering and math, the so-called STEM tracks. Online gaming's image has changed from an angsty lazy teenager, to an aspiring and intelligent gogetter with extremely good math skills.

And another unlikely bedfellow is **Physical Therapy**.

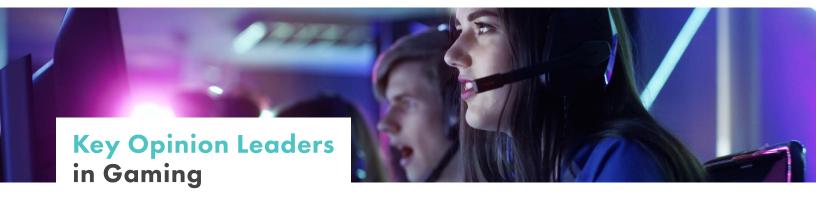
Just like any sport, esports have physical demands that sometimes result in sprains and muscular stress. And, just like traditional sports, physical therapists (PT) are on hand to help aid pro gamers so that they can get back in the fight.

One PT has dedicated her time to esports and its gamers. Dr. Caitlin McGee. She is one of the few physical therapists in the gaming industry in the U.S. and travels to tournaments offering consultations and therapy before, during and after the games have ended.

Back of the hand pain is most common, "I saw the ergonomics, and they were not great," said McGee. By helping them adjust the way they work, and offering therapy along the way, Dr. McGee has made herself an indispensable part of online gaming.

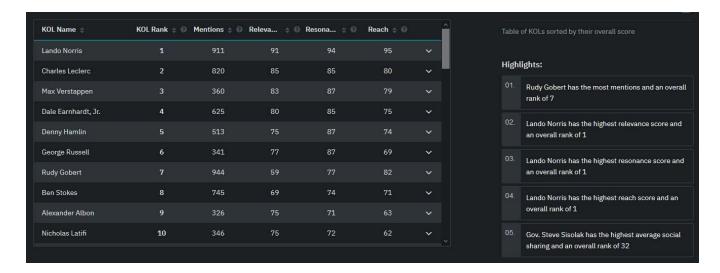
Esports are infiltrating professions around the globe, from fashion (Louis Vuitton) to the medical industry, and there is endless room for continued growth. Being able to see where the industry of esports is headed, one only needs to pay attention to key opinion leaders (**KOLs**).



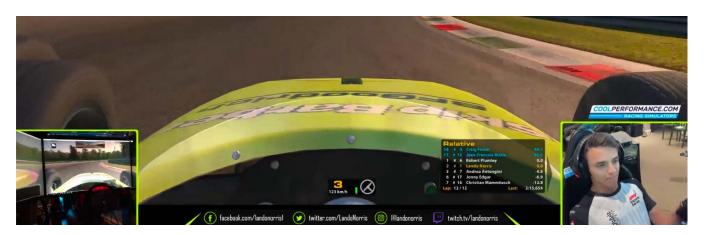


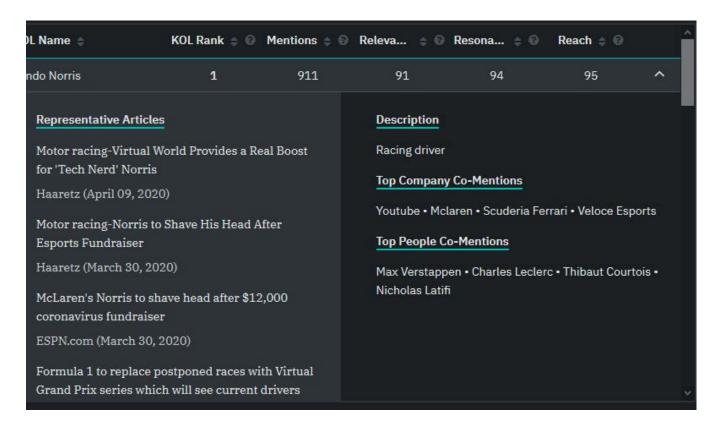
KOLs have the unique ability to reach more people in a target market—and online KOLs are word-of-mouth marketing, amplified. And esports have no short supply of KOLs, both as individuals and as companies.

We'll start with the individual KOLs.



Overall, esports racing driver and KOL Lando Norris is number one on our list. By clicking his name we can see his profession, where he appears in articles, as well as who he is mentioned with.

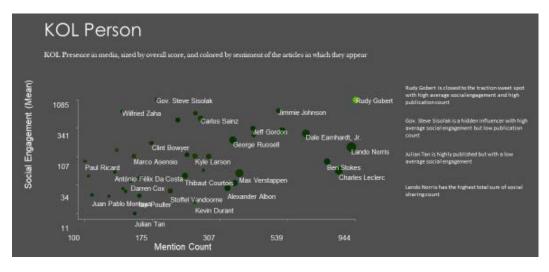




From Twitch to Youtube, this 20-year-old is an esports force to be reckoned with.

Winning multiple championships including MSA Formula championship in 2015, and the Toyota Racing Series, Eurocup Formula Renault 2.0 and Formula Renault 2.0 Northern European Cup in 2016, he also received the 2016 McLaren Autosport BRDC Award and subsequently won the 2017 FIA Formula 3 European Championship.

And with an Instagram following of 1.4 million and 394k on Twitter, it's clear fans are paying attention to this star.

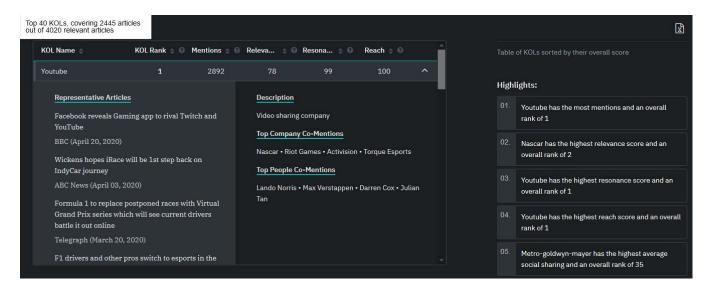


Likewise, if we look at KOL
Traction, which shows the overall sentiment, we see Landon Norris still holding strong but coming in 4th on that list. Beating him out is Rudy Gobert—our next KOL person of interest.

Rudy Gobert may seem like an unlikely top KOL, but it takes only a few moments of cruising his social media to see why people listen to him. From his classy sense of fashion to his live out-loud approach to life, this Utah Jazz man has not just dipped his toes in esports, he's done a **triple lindy dive** into the pool.

Gobert officially joined ReKTGlobal, parent company of the pro esports organization Rogue, as an investor saying, "My passion for gaming is well-known among both the Utah Jazz and my team in France, I've wanted to invest in and get more involved in eSports for a while, and I'm really excited to make history with the **ReKTGlobal** family." With 547k **Instagram** followers of his own, consumers will be watching his every move, ready to follow where he goes.

But it's not just individuals who influence trends, companies have this power as well, especially if they are well loved and have a loyal fan base. And YouTube is about as loved as they come.

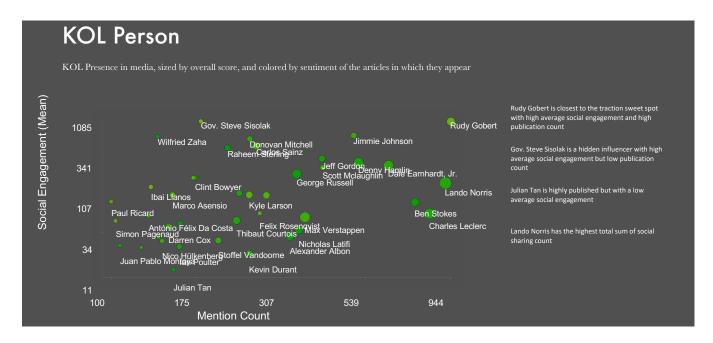


By looking closer, we see that the top co-mentions are esports heavy—from Riot Games to Torque esports. We can even look at top articles where YouTube is mentioned, and people who are mentioned along with them

And lo and behold, there's Lando Norris again, proving he has a lot of influence and further enforces the need to watch him, and esports.

And if we adjust our views and have them listed according to social mention, once again YouTube pops up, this time in fourth, with Metro Goldwyn Myer (MGM) in first. Interestingly we also have a hidden influencer, someone with high social engagement but low publication count. This can be an asset to a company looking to have all bases covered. When you reach out for a demo, we're happy to explore it with you!





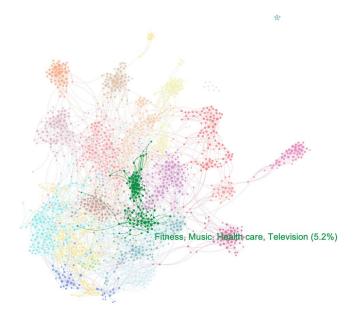
And of course, with COVID-19, one of the top influencers has to do with getting people moving.



We can see fitness talk is a solid chunk of the esports conversation:

Maybe surprisingly, as it flies in the face of stereotypes, health talk is a big conversation in all aspects of online gaming as well. As Mary Meeker's coronavirus trends report mentions, healthcare is facing a digital transformation with telehealth capabilities—but it's also revolutionizing how people stay in shape!

As a quick aside, Peloton has made strides in the stock market of late, and it offers a very niche, high-end product. And gamers are pretty serious about their health, particularly those that will fall into the esport athlete variety.





The OW boys Started their Personal Training sessions today, along with a healthy meal plan.

Looking forward to the results. Health and fitness go a long way in this space just like any other.

10:32 PM · Feb 5, 2018 · Twitter Web Client

50 Retweets 773 Likes

fight off fatigue.

Everything about lifestyle is something for health and fitness brands to explore—as studies have shown that esports players that hit the gym, perform better.

In fact, players spend hours a day at the gym just like professional athletes do. Anyone who sits at a computer for 10–15 hours a day knows what a physical toll it takes on your body. And this makes physical exercise for professional gamers not just a choice, but a must if they want to stay healthy and on top of the game.

Many teams even have fitness coaches that make sure they maintain a strong core and good cardio to

Fitness and health go hand in hand with online gaming, an opportunity for fitness wear and health food companies everywhere. Food? Yes!

On top of physical fitness, players are encouraged to maintain a healthful diet of lean meats and lots of vegetables. An on-site chef isn't unheard of to provide players with their meals and help them stay on track. Diet plays a big role in mental focus, limiting carbs helps a gamer stay focused and not feel sluggish. So, there's another huge "in" for the food industry!

All of this proves that this sport is surprising and worth a closer look. And when it comes to reaching a broader audience, it shouldn't be underestimated.

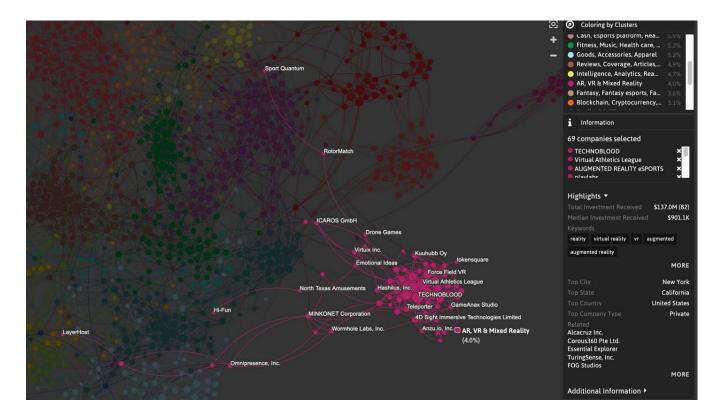
On the other hand, something we likely do associate esports with is Augmented Reality and Virtual Reality.



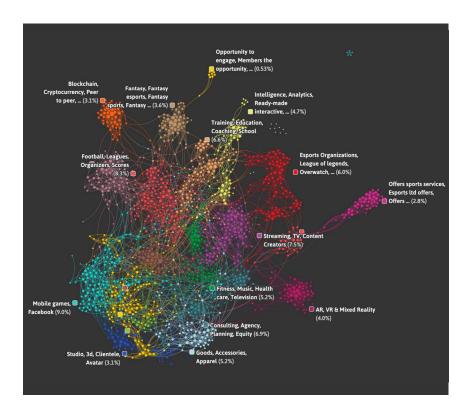
Already a popular subject and growing industry, thanks in large part to gaming, VR is booming, and companies want a piece.

Virtual Reality company Virtual Athletics League is a deeply entrenched part this technical explosion. By facilitating growth and helping individual players, game developers and arcades connect to VR esports, this company is center stage and an integral part of esports today.





Another AR and VR company getting a piece of the action is the innovative company **Stretchskin Technologies**. It makes wearable electronic sensors that are used for everything from rehabilitation, to educational material and smart clothing.



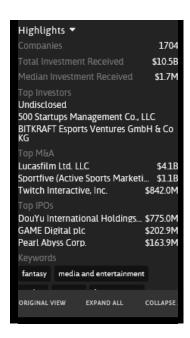
And now this 'jack of all wearable trades' is in the gaming world as well. Perhaps cross pollinating with health and fitness, they are making wearable sensors that mimic the gaming consoles but with a new twist—players can control the game by moving their fingers, or with hand gestures.

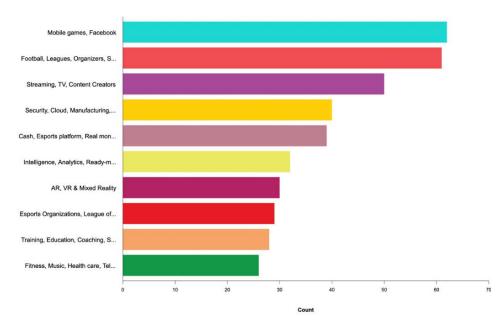
Each of the clusters (below) offer insight into companies in different industries that are not just showing interest, but also investment in esports. And this is a strong indicator of things to come. Nothing clues us in to that direction faster than investments, particularly when we find ourselves in the midst of a global pandemic.

Once again, taking advantage of next generation Al-powered market research, we're able to explore investment numbers for esports, as well as who is investing:

A top investor is none other than Lucasfilm Ltd LLC with \$4.1 billion. And, no surprise Twitch is also a top investor at \$842 million.

And where are the investments going? Broadly, we can look at investment categories (and can then dig into whichever areas interest us):

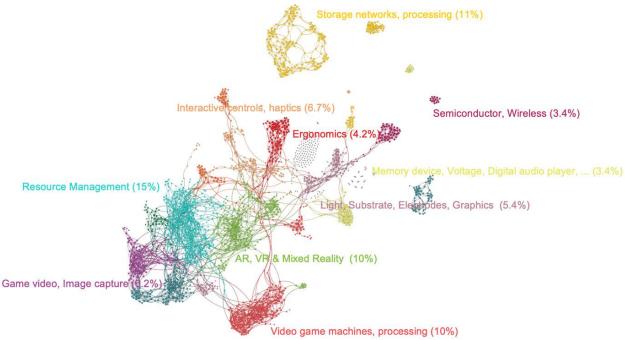




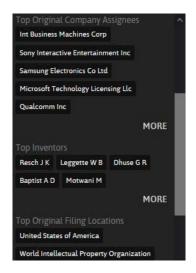
And we can also look at patents!





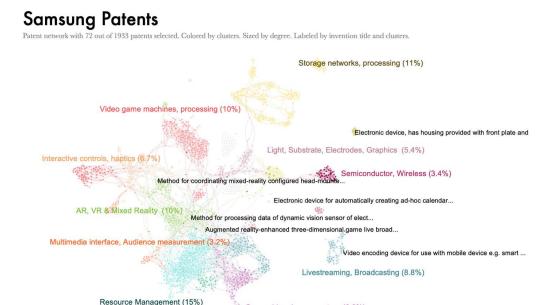


Video game controllers, information processing, memory systems, and game classification are just a few examples. And we can also see the details of who is applying for those patents.





By clicking on a specific company or investor, like top filer Samsung, a world of information opens up and we can see what area they're focusing on right now—or plan to be:

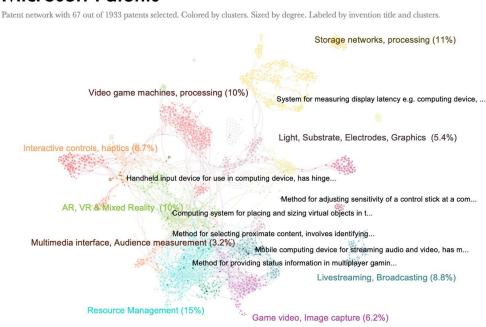


No matter where you look, Samsung is invested, with 72 patents applied for across 8 different categories. Patents have been filed for virtual reality to beauty filters for cameras, as well as patents for wide optical lenses and replay options of video games as they're being played.

Game video, Image capture (6.2%)

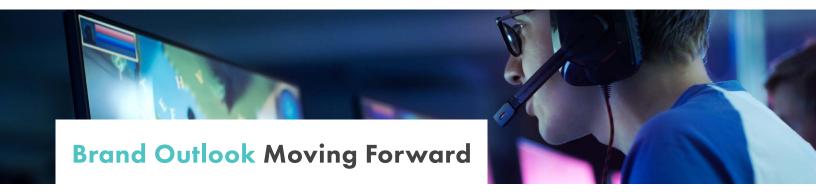
But Samsung isn't the only big contender. Microsoft filed 67 patents across 6 different platforms (see below).

Microsoft Patents



They're heavily focused in Resource Management, with AR, VR & Mixed Reality coming in a close second.

And there's no doubt other top companies like Sony and Qualcomm are working magic in many different avenues as well. The intel available on each in the Quid product is stunning.



A lot remains to be seen economically in the world of esports, all signs currently point to it not only growing, but exploding. And there seems to be a niche there for everyone. More companies are making room in their marketing budgets for esports partnerships in some form or another, that's for sure. Are you?

As viewership and revenue continue to increase, smart brands have the opportunity to form their own creative partnerships and carve out their own unique place in esports. If league and/or team sponsorship are beyond budget constraints and you can't snag a sponsorship deal with top streamers, there are any number of lesser-known, niche streamers with very loyal followings. Tons. And finding those KOLs is something that's in any brand's reach with the right market intelligence product!

The **video gaming community has been preparing** for this pandemic, theoretically, for a very long time—you just need to tune in to the niche that seeks your brand's products and services. They're on there right now. You can be sure of that.

With zero **live-event tournaments** going on anytime soon and the industry continuing to thrive, your brand will want to have a solid foothold when these live tournaments begin again. Brands that are paying attention have the opportunity to have their logo in the middle of the action. **Reach out** and we'll show you how to do the same!



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The platform uses advanced artificial intelligence to process billions of indexed resources across all forms of structured and unstructured data, empowering our brand, agency and consulting services customers to make smart, data driven decisions accurately, quickly and efficiently.

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