Understanding who esports fans are, and how the industry is evolving

Esports

TRENDS REPORT

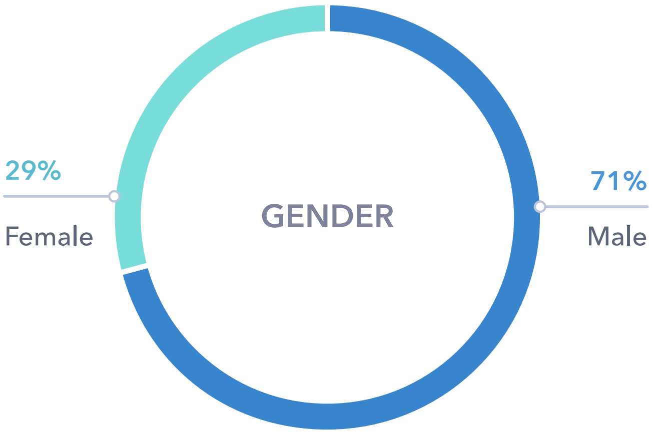
2018

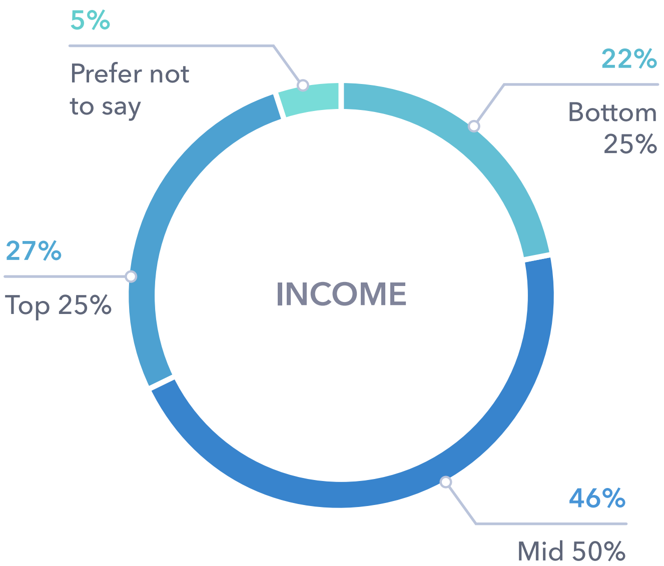
globalwebindex

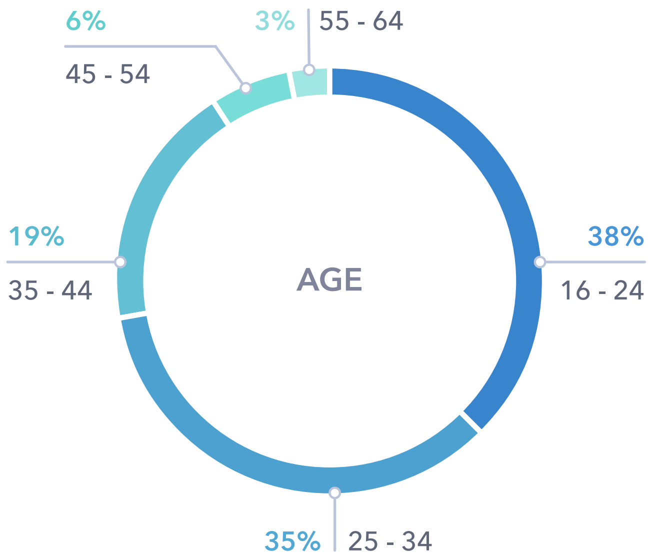
Contents

BASE: 8,308 ESPORTS FANS AGED 16-64
SOURCE: GLOBALWEBINDEX Q3 2017

THE ESPORTS AUDIENCE







Esports: where is it now?

Esports Fans are more likely to be young, male and affluent – a demographic which marketers are finding increasingly difficult to reach

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 2016 was the year in which esports gained enough momentum for those outside of the industry to begin taking it seriously, then **2017 was the year in which we saw this form of spectator gaming become more of a cohesive and accessible genre of entertainment.** In a glimpse of what we can expect to see more of in the coming year, **2017 saw real structural developments in esports which bring it towards something it so needs – to have a structure akin to traditional sports competitions.**

Esports is positioning 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. This is helping to instil further confidence in the industry, particularly concerning the future viability and revenue potential of esports. It also opens new distribution doors from notable media companies (i.e. ESPN, Turner, BBC), a sure sign that advertising dollars and marketing reach are moving in the right direction.

But aside from its overwhelmingly positive future outlook, **it's the esports audience which is attracting a lot of attention.** As we can see from the previous pages, Esports Fans are more likely to be young, male and affluent – a demographic which marketers have found increasingly difficult to reach. This is especially true given that over 3 in 4 males aged 16-24 - and 9 in 10 Esports Fans - are either deleting cookies, using private browsing windows or blocking ads, making it difficult for marketers to identify or target these audiences.

WHICH OF THESE GAMING-RELATED ACTIVITIES HAVE YOU DONE IN THE LAST MONTH? WATCHED AN E-SPORTS TOURNAMENT

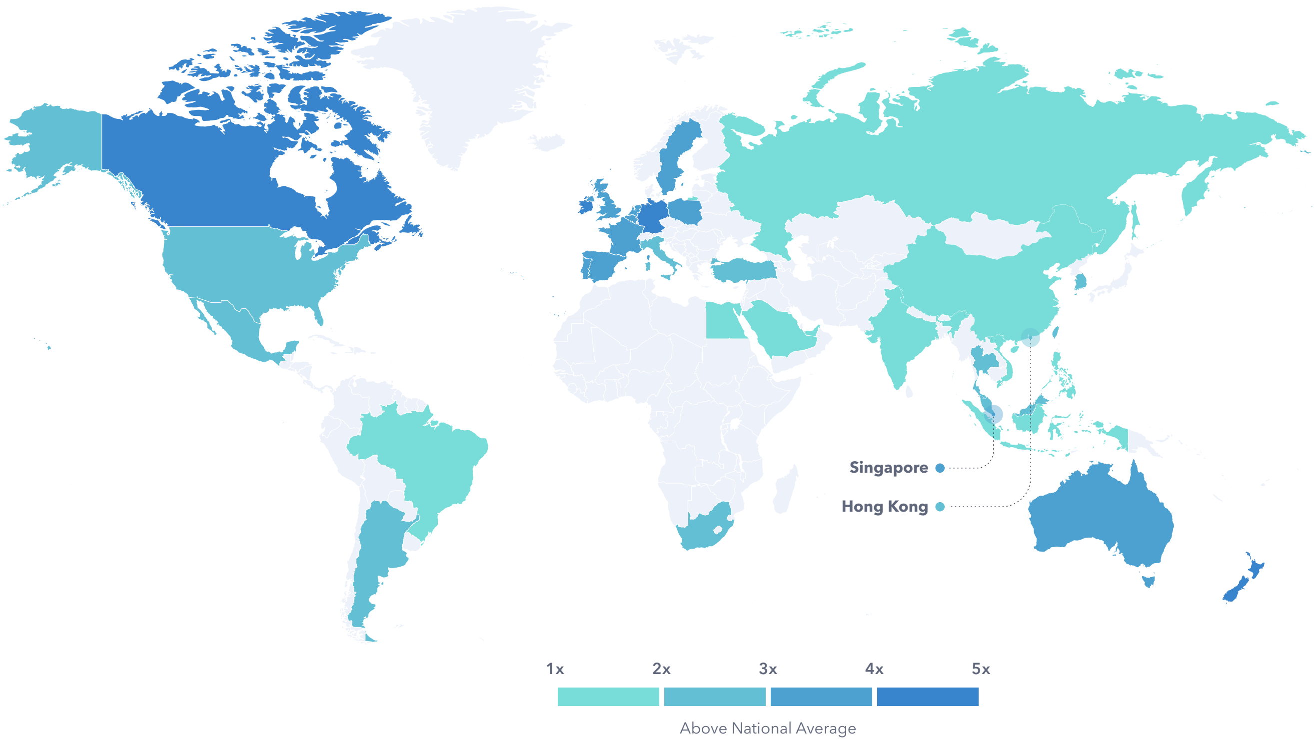
BASE: 39,736 MALE INTERNET USERS AGED 16-24

SOURCE: GLOBALWEBINDEX Q3 2016-Q3 2017

ESPORTS ENGAGEMENT BY COUNTRY AMONG 16-24 MALES

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

40%	Philippines
39%	China
37%	Malaysia
35%	Singapore
35%	Vietnam
34%	Poland
32%	Thailand
32%	Sweden
32%	Turkey
31%	South Korea
30%	Taiwan
29%	Hong Kong
28%	Spain
27%	Brazil
27%	Portugal
25%	Argentina
24%	New Zealand
23%	Canada
23%	Indonesia
23%	UK
22%	Germany
22%	Australia
22%	Belgium
21%	USA
21%	India
21%	France
21%	Ireland
20%	South Africa
20%	Mexico
18%	Netherlands
18%	Russia
17%	Italy
16%	UAE
16%	Egypt
12%	Saudi Arabia
9%	Japan



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 indispensable in the development of esports, but from this perspective, **there clearly exists a substantial opportunity in virtually all of the 40 markets. In the majority of cases, males aged 16-24 are around 2x, 3x and sometimes even over 4x as likely to be engaging with esports tournaments** each month.

Some of the most dramatic rises come from mature markets like the U.S., UK, 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 full-fledged sport in itself.

The Marketing Potential in Esports

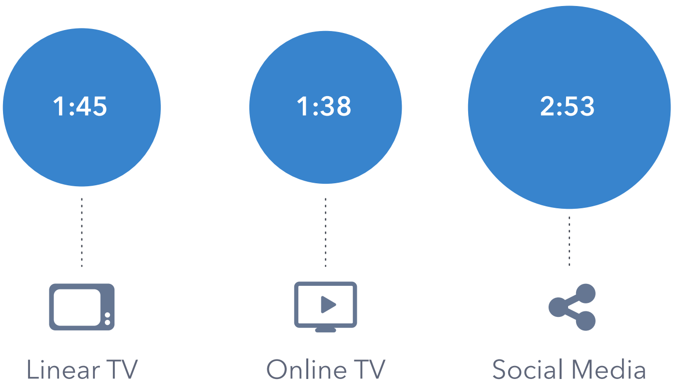
ROUGHLY HOW MANY HOURS DO YOU SPEND ENGAGING WITH TELEVISION/ ONLINE TV/SOCIAL MEDIA SERVICES DURING A TYPICAL DAY? • WHICH OF THE FOLLOWING SITES / APPLICATIONS HAVE YOU VISITED OR USED IN THE PAST MONTH VIA YOUR PC / LAPTOP, MOBILE OR TABLET? • WHICH OF THESE THINGS HAVE YOU DONE WITHIN THE LAST MONTH ON YOUTUBE?

BASE: 8,308 ESPORTS FANS AGED 16-64

SOURCE: GLOBALWEBINDEX Q3 2017

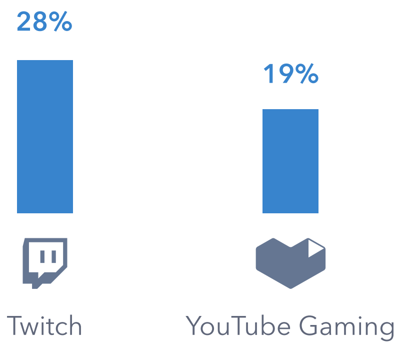
DISTRIBUTION: ONLINE VS OFFLINE

MEDIA CONSUMPTION HABITS



TOP WESTERN LIVE GAME STREAMING SITES

% of Esports Fans who have visited the following platforms 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. Key examples of this include Turner and ESPN announcing esports broadcasting on their linear TV networks. However, **esports entertainment is still firmly anchored online, and this is unlikely to change any time soon.**

Contrary to many assumptions in recent media, Esports Fans do watch traditional TV - only 3% exclusively watch online TV. In fact, this audience clocks up an average of 1 ¾ hours on their TV sets per day. 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 over 30 minutes more per day watching online TV than the average internet user, and with each passing quarter we see this metric climb.

Among the most dominant players in the esports broadcasting space are gaming-centric streaming sites like Amazon-owned **Twitch** and **YouTube Gaming**, while in China it's **Douyu** and **Panda TV** which 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 45% 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 almost **3 hours of their day on social media.**

Esports is likely to remain anchored online

To some extent, **the current distribution landscape of esports is broadly reflective of how this entertainment has evolved compared to traditional sports.** 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 show 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.** 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.

IN WHICH OF THE FOLLOWING WAYS ARE YOU MOST LIKELY TO FIND OUT ABOUT NEW BRANDS, PRODUCTS, OR SERVICES?

BASE: 2,775 ESPORTS FANS AGED 16-24

SOURCE: GLOBALWEBINDEX Q3 2017

HOW TO REACH ESPORTS FANS

BRAND DISCOVERY OVER-INDEXES VS. ALL 16-24S

% of 16-24 Esports Fans who discover brands via the following

	%	IDX*
Personalized purchase recommendations on a website	23	1.41
Endorsement by a celebrity or well-known individual	25	1.40
Post or review from an expert blogger	23	1.30
Ad seen on mobile or tablet app	30	1.28
Ad seen before an online video or TV show starts to play	23	1.26
Vlogs	20	1.26
Recommendation / comment on a social network	33	1.18
Ad seen online	38	1.18
Ad seen on TV	36	1.11

Index vs. all 16-24s

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.

9 in 10 Esports Fans are either blocking ads, using private browsing windows or deleting cookies.

In brand discovery, **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 content promotes discussion around the gaming franchises and leagues, and also gives rise to esports stars with their own channels and followings.**

WHAT WOULD MOST MOTIVATE YOU TO PROMOTE YOUR FAVORITE BRAND ONLINE?

BASE: 2,775 ESPORTS FANS AGED 16-24

SOURCE: GLOBALWEBINDEX Q3 2017

BRAND ADVOCACY

% of Esports Fans aged 16-24 who would promote a brand for the following reasons

	%	IDX
Access to exclusive content or services (e.g. music, videos, etc)	25	1.34
When something enhances my online reputation / status	19	1.30
When I have a personal / one-on-one relationship with a brand	23	1.27
Having insider knowledge about the brand or its products	23	1.27
When something is relevant to my friends' interests	27	1.24
The feeling of taking part / being involved	27	1.18
When something is relevant to my own interests	39	1.17
Love for the brand	42	1.14
When I've received great customer service	33	1.12
High-quality products	50	1.08
Rewards (e.g. discounts, free gifts, etc)	43	1.01

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 24% 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.**

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.

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 (23%), having insider knowledge about products (23%) and access to exclusive content (35%) feature prominently.

TREND **IN ACTION**

EXAMPLES FROM THE INDUSTRY

Twitch Pays $90 million for exclusive distribution rights for the Overwatch league

In one of the biggest esports distribution deals to date, Twitch recently struck a deal with Activision Blizzard worth $90 million for exclusive worldwide distribution rights of the Overwatch league. The Overwatch league has been one of the initial competitions to restructure itself around traditional sports leagues, with the event hosting teams from different cities around the world. This is also an important growth opportunity for Twitch to position itself at the center of global esports distribution, especially given the game's significant standing in the esports industry.

The Esports Gaming Landscape

WHICH OF THESE GAMES / GAMING FRANCHISES HAVE YOU PLAYED IN THE LAST 12 MONTHS?

BASE: 8,308 ESPORTS FANS AGED 16-64

SOURCE: GLOBALWEBINDEX Q3 2017

GAMES PLAYED BY ESPORTS FANS

% of Esports Fans who have played the following gaming franchises in the past 12 months

ASIA PACIFIC

League of Legends	45%
Plants vs. Zombies	42%
Need for Speed	37%
Counter Strike	34%
World of Warcraft	34%

EUROPE

FIFA	48%
Grand Theft Auto	41%
Counter Strike	36%
Call of Duty	35%
League of Legends	31%

LATIN AMERICA

FIFA	60%
Resident Evil	53%
Grand Theft Auto	45%
Mario	45%
Call of Duty	42%

MIDDLE EAST AND AFRICA

FIFA	57%
Need for Speed	43%
Grand Theft Auto	43%
Call of Duty	31%
Clash of Clans	31%

NORTH AMERICA

Grand Theft Auto	46%
Call of Duty	44%
Mario	39%
Star Wars	38%
Minecraft	35%

A look at which games Esports Fans are playing from a regional perspective gives some idea as to why it is so important to broadcast its leagues online – prominent esports games such as League of Legends, FIFA, Counter Strike and Call of Duty all have considerable global appeal.

The esports audience represents many subsets of groups with different interests and attitudes

From this perspective, it's also 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.

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 for them 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.**

WHICH OF THESE GAMING-RELATED ACTIVITIES HAVE YOU DONE IN THE LAST MONTH? WATCHED AN E-SPORTS TOURNAMENT

BASE: PLAYERS OF EACH GAMING FRANCHISE AGED 16-64

SOURCE: GLOBALWEBINDEX Q3 2017

GAMING FRANCHISES & ESPORTS ENGAGEMENT

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

Top Region ● APAC ■ LatAm ▲ North America

		Top Region
Defense of the Ancients (DotA)	44%	●
Hearthstone	43%	●
Heroes of the Storm	39%	●
League of Legends	38%	●
Pro Evolution Soccer	37%	■
Destiny	36%	▲
World of Warcraft	34%	●
Diablo	34%	● ■
Mass Effect	34%	▲
Counter Strike	33%	●

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. With the exception of Pro Evolution Soccer, the majority of the top ten gaming franchises in our chart fall within these two categories. 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.**

As esports matures and more leagues are introduced, **we're likely to see more gaming genres enter the mix, too.** But before this happens, **game developers need make sure their titles have cut-through in a competitive environment.** This will be an important decision to consider for these developers, especially if demands for competitive divisions begin to gain momentum in their - in some cases very vocal - player communities. For example, despite many of their players engaging with esports tournaments, some of the games in this list are yet to allow for a ranked and competitive gaming environment. Destiny's game developer, Bungie, **has publicly voiced its uncertainty over the game's future esports potential, as well as the influence player demands might have upon its willingness to pursue esports.**

WHICH OF THESE DEVICES DO YOU USE TO PLAY GAMES?

BASE: 8,308 ESPORTS FANS AGED 16-64

SOURCE: GLOBALWEBINDEX Q3 2017

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.

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 being the most enthusiastic mobile gamers. **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.

Testament to the importance of smartphones in key esports markets like China and Thailand, internet users here are spending longer online on their mobiles than all other devices combined. As such, it's not hard to imagine mobile esports rapidly growing its presence in this region. As smartphone capabilities increase and mobile games become more sophisticated, this opens the way for esports leagues to take place on mobile.

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.** Elsewhere the Chinese Ministry of Culture has created the Mobile Esports Game Association.

TREND **IN ACTION**

EXAMPLES FROM THE INDUSTRY

Clash Royale Esports League

One of the most prominent mobile games making a name for itself in the esports scene is Clash Royale, having **won a British Academy of Film and Television Arts (BAFTA) esports award in 2017.** Supercell, the game's developer, is majority owned by Tencent, giving the former access to the all-important Chinese market via Tencent's WeChat messaging platform. The game's official esports league, the Crown Championship World Finals, held its first event last year in London. The event represented 10 countries across three continents with a $1 million prize pool for the entire season.

Learning from Traditional Sports' Example

Some of the most important recent developments in the esports industry have involved structural changes in the composition of leagues and the franchising of esports teams. With esports being touted as the next big thing in entertainment, investors are becoming anxious as to how they can best enter the market, **and whether the market itself promises stability to ensure long-term growth.**

In the last year we've seen notable personalities in the business of sports – particularly team owners in U.S. sports leagues – carry out high-profile purchases of esports league slots. **In the coming year, Riot Games and Activision Blizzard are set to franchise their own leagues, adding features which mimic traditional sports leagues like revenue sharing agreements and player-centric features.** Notably, 9 in 10 Esports Fans already watch at least one of our 31 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.**

Restructuring and franchising will encourage investment, increased media coverage and new sponsorships, as well as foster long-term talent within each team.

These developments which parallel esports with the traditional sports industry are crucial to its future. **Eliminating uncertainty in esports and promoting stability is a sure way to attract much-needed investment, increased media coverage and new sponsorships.** But this will also help to **establish permanent team slots** in the leagues to encourage longstanding investments from team owners, thereby fostering long-term talent within each team.

TREND **IN ACTION**

EXAMPLES FROM THE INDUSTRY

aXiomatic Esports

aXiomatic is an ownership and management group, created by an array of top traditional sports team owners which offers investment services in the esports industry. The company has recently been **listed among Disney's 2017 accelerator program**, giving them access to equity investments from Disney and coaching from executives and professionals. Axiomatic controls the majority stake in multiregional esports team Team Liquid, which has multiple divisions dedicated to the most popular esports games, having taken the largest prize pool for any esports tournament in history at The International 2017.

FUTURE OUTLOOK

1. **2018 will see further developments around esports leagues emulating traditional sports structures.** With this will come further investments as outside investors become more reassured of the stability and predictability of esports leagues.

2. **Esports entertainment has a lot of potential to add value to some of the latest consumer technology.** Virtual reality is a prime example of this, giving spectators of esports leagues the ability to get up close to the in-game action, building on gaming's already noteworthy presence in the VR industry.

3. **We expect to see mobile esports' presence in the industry grow quickly.** 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.

4. **Many popular gaming franchises are weighing up their suitability for the esports format.** Realistically, suitable esports games need to broadly fall under a certain criterion. To begin with, fairly small team numbers are important, as too large a team means that prize pools are reduced per player. This leads to little incentive among players to dedicate themselves to a game full time. Also, balanced abilities between player classes are crucial, as this eliminates the risk of unfair competition. While many majorly popular gaming franchises do not yet meet this criterion, it's highly likely that many might adapt their offerings to align themselves with it, especially given the vast revenue opportunities esports has to offer.

5. 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.

Notes on Methodology

Introduction

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, we interview over 350,000 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 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 our Core survey via PC/laptop/tablet. For more details on our methodology for mobile surveys and the questions ask to mobile respondents, **please download this document.**

REPORTS

GlobalWebIndex has a range of other reports available to download **here.**

Flagship Reports: Our flagship reports present insights and statistics on social networking, device usage, online purchasing and entertainment.

Market & Region Reports: Tracking key digital behaviors and engagement rates at a national or regional level, providing the very latest headline figures as well as looking at trends over time and across demographics.

Audience Reports: In-depth examinations of particular groups, assessing their most important behaviors and motivations as well as what sets them apart from the wider online population.

Insight Reports: Deep-dives into some of the most pressing topics for marketers, from traditional vs digital media consumption to audience measurement issues.

Trend Reports: Tracking the stories of the moment, from ad-blocking and live streaming to VPNs and multi-networking.

Infographics: One-page visual summaries of key services, behaviors and audiences.

PLATFORM

The questions and data-points featured in this report are available to explore on our Platform. They can be analyzed by any audience, date range or selection of countries/regions, with users able to build bespoke audiences based on our wide range of demographic, attitudinal and behavioral variables.

Each chart is accompanied by a hyperlink which will take you to the appropriate section on our Platform; simply click on the relevant link to start exploring the data further.

CUSTOM

GlobalWebIndex can also offer a variety of custom solutions to suit all your data and insight needs. All projects are conducted in close consultation with clients and resulting data is available for analysis in our Platform. Our Custom offerings include:

Brand Solutions
- Brand Health
- Brand Tracker
- Brand Profiling

Product Solutions
- Usage and Attitude
- Concept Testing

Campaign & Audience Solutions
- Segmentation
- Campaign Measurement
- Audience Profiling
- Audience Targeting

GWIQ

GWIQ offers clients the ability to create bespoke audiences on the platform by connecting our panel and passively monitored visitation to their own websites/campaigns. Segment your visitors by the actions taken on your site then profile them utilizing the 100% declared data you already find in the platform. Validate digital campaigns against rich targets far beyond demographics. Understand the impact of digital campaigns on brand perceptions by sending bespoke advertising effectiveness surveys to panelists using a control vs exposed methodology.

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