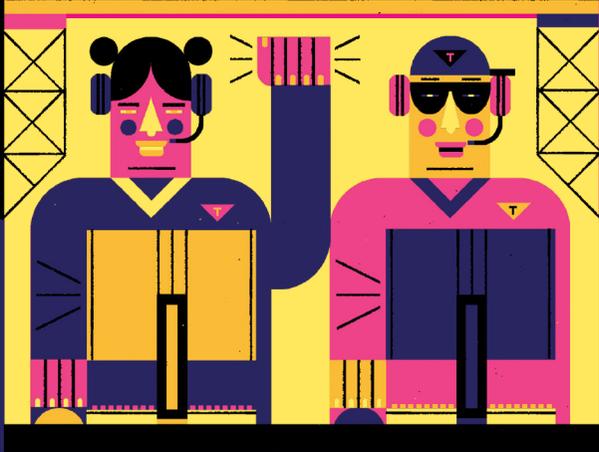




PAY FOR PLAY

THE *ESPORTS* OPPORTUNITY





If you're like many marketers, you've been hearing about the esports opportunity for a couple of years now. And while the idea of competitive video gaming may seem mystifying to some, the dollars flowing in—and the number of eyeballs watching—are bound to give even the most cynical marketer pause. Esports is no longer emerging. It's here.

How fast is esports growing? In 2018, revenues shot up 38 percent to hit \$905 million, per forecasts from analyst Newzoo. By 2021, global esports revenues will rocket to \$1.65 billion, \$1.4 billion of which will come directly from brand investment.

There are two key factors at play here. One is the age of the audience—esports fans typically fall into the coveted 18-35 demographic, significantly younger than traditional sports viewers. Second is the digital

side of esports, which makes sponsorship more directly measurable.

But those aren't the only differences between esports and more traditional sports sponsorships. While brands don't have to toss out their sports sponsorship playbook, they do need to be aware of the unique attributes of esports and build out their plans accordingly. So, what does esports sponsorship look like?

The esports ecosystem is complicated (see page 6-7). There are game publishers, leagues, competitions, platforms, teams/organizations and players/influencers. All may be looking for your sponsorship dollars. But for the sake of clarity, this guide will examine the opportunity offered by esports organizations.

Sometimes improperly referred to as teams, esports organizations are essentially holding companies that field teams across a variety of different game titles and leagues. Among esports fans, these are the household names—organizations like Team SoloMid (TSM), NRG, Optic Gaming, Team Liquid and Cloud9. Each of these organizations has teams across the different leagues (like North American League of Legends, NBA2K or the Overwatch League), but they all represent the parent organization. It would be like the Yankees and Red Sox having teams in MLB as well as the NFL, NBA and NHL. This creates enormous fan equity.

When working with these organizations, brands can sponsor all the teams across all game titles. Or, they can sponsor specific titles that may have the most appropriate audiences—each league and each game can have its own fan demographics. The goal: get in on the live tournament excitement.

But there's also another option that is distinct to the gamer world. Many esports organizations also have rosters of influencers that regularly stream on channels like Twitch and/or post their videos to YouTube. Each influencer can have their own audience of fans that regularly tunes in to watch them stream. Consider this: TSM member Myth, a popular Fortnite streamer, had 250,000 followers on Twitch in January 2018. That's impressive... until you realize that just nine months later, that figure grew to 4 million.



COMMON ESPORTS SPONSOR ACTIVATIONS



JERSEY PATCH SPONSORSHIP

Just like in European soccer or in the NBA, brands appear on player jerseys when they play or practice on-camera.



TWITCH OVERLAY

Inclusion of the sponsor brand in regular Twitch influencer streaming. Teams often have accounts that stream as much as 12 hours each day.



INTEGRATED SIGNAGE

Sponsored locations like the scrimmage/streaming room where players hang when they're not competing. Think of it as sponsoring a team's practice facility.



BRANDED CONTENT

Players are used to help tell the brand's message in a way that's authentic to the team's fans.



IN-STREAM INTEGRATIONS

These can include things like product callouts and product placements.

DON'T BE A SPONSORSHIP NOOB



For many brands, esports is such a new opportunity that there is little institutional knowledge. To get started, here are some best practices to follow:

Combine comp and influencer.

Esports competition schedules have down time throughout the year, while Twitch influencer streaming tends to be more consistent year round. Using both gives brands persistent exposure throughout the year with opportunities for lifts when there is competitive success.

Know where the fans are.

To gauge exposure and assess the value of your sponsorship, consider: competition broadcasts/live streams; regular Twitch influencer streaming; owned social media accounts; and long-tail social media highlight clips that appear on Twitch, YouTube, Instagram, Twitter and Reddit.

Be aggro across platforms.

Seek out an esports organization that activates across multiple platforms to reach a broad, diverse and engaged audience.

Don't shut out game titles.

Reduce your risk of missing out on the next hot game (e.g. Fortnite) by aligning with esports organizations that are diversified across popular titles.

Watch influencer zone-out.

Brands should examine streamer roster depth to ensure that the departure of one streamer roster won't hinder your ability to drive exposure.

Overlap can gank your value.

If your brand has multiple sponsorships across the esports ecosystem, be sure to analyze where there is audience overlap to ensure your portfolio maximizes its reach.

Brand safety can't be nerfed.

Brands should make sure that the esports organization provides media training to its players and that it enforces standards of conduct.

KPIs beyond KDAs.

Twitch streams and some live broadcasts now are using concurrent views to gauge audience, counting the number of viewers that are watching a stream at each second. This is more accurate than total viewers, a figure that GumGum Sports estimates may inflate the audience by more than 60 percent in some cases.

Push your learnings.

Remember, esports is new. Seek out experts. Listen to the community. Be authentic. Take chances. And create the playbook that shows results for your brand.

ESPORTS

BY THE NUMBERS

The real esports rankings, based on GumGum Sports' exclusive Q3 2018 analysis of social reach for team, player and influencer accounts across Twitch, Instagram, Facebook, Twitter and YouTube.

TOP 10 OVERALL ESPORTS ORGANIZATIONS

1. Team SoloMid
2. NRG
3. Optic Gaming
4. Team Liquid
5. Cloud9
6. Fnatic
7. 100 Thieves
8. Immortals (LA Valiant/MIBR)
9. Rogue
10. Counter Logic Gaming

TOP 10 PLAYERS/ INFLUENCERS

1. Myth (Team SoloMid)
2. Lachlan (NRG)
3. Daequan (Team SoloMid)
4. MrMuselk (NRG)
5. Dakotaz (Team SoloMid)
6. LazarBeam (NRG)
7. Dr Lupo (Rogue)
8. Noahj456 (100 Thieves)
9. Scump (Optic Gaming)
10. Gotaga (Vitality)

TOP 5 ON INSTAGRAM

1. Team SoloMid
2. Optic Gaming
3. NRG
4. Rogue
5. Immortals

TOP 5 ON YOUTUBE

1. NRG
2. Team SoloMid
3. Optic Gaming
4. 100 Thieves
5. Team Liquid

TOP 5 ON TWITCH

1. Team SoloMid
2. Cloud9
3. Team Liquid
4. NRG
5. Rogue

TOP 5 ON TWITTER

1. Optic Gaming
2. Team SoloMid
3. Team Liquid
4. NRG
5. Cloud9

THE ESPORTS ECOSYSTEM

There are many groups involved in esports that can help brands align with the surging fan base. Here's a quick reference of who's who.

BRANDS

Esports sponsors.



PUBLISHERS

Distributors of top video games.

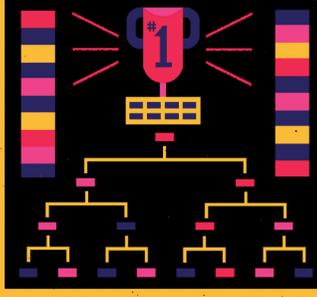


ACTIVISION



LEAGUES/COMPETITIONS

The groups sponsoring tournaments and seasons; may be publisher-based or independent.



PLATFORMS

Where video games are being played and watched.



GAMES

What competitive gamers are playing.



ORGANIZATIONS

The holding companies for top teams across leagues and platforms.



FANS

The people watching. And playing. And spending.



THE EXPERTS TALK ESPORTS



What does it take to succeed in esports?

We spoke with two of the leading experts in esports sponsorship. Brad Sive oversees partnerships as CRO of Team SoloMid, coming to esports after a two-decade career in sports and entertainment at places like ESPN and Catalysts Sports & Media. Chris DeAppolonio, VP of global partnership at esports agency Triggerfish (parent company of Optic Gaming), saw the esports boom coming a decade ago when it was the subject of his NYU master's thesis. They were interviewed by Jeff Katz, VP strategy and strategic partnerships of GumGum Sports.

Both of you have backgrounds in traditional sports and esports sponsorships. What do you see as the differences between the two?

Brad: Esports organizations offer sponsors opportunities to drive value all year round, due to the always-on nature of esports. Players who play competitively often livestream during the "offseason" as they scrimmage to get better and prepare for upcoming tournaments.

Think of it this way: Imagine if fans were able to watch Steph Curry, who happens to be a Team SoloMid investor, practice all day, every day and ask him questions and see him get better? This is a tremendous opportunity for fans to engage directly with their favorite streamers, giving sponsors more chances to attach themselves to fan passion points. It's a level of engagement that must be valued differently than passive traditional sports TV broadcasts.

Chris: Signage-style inventory on jerseys is similar to that of the European soccer leagues where there are limited inventory spaces that provide a generous amount of impressions and exposure. Fans are excited for a new sponsor to be put on the jerseys, and they gravitate towards those announcements.

When our players are streaming on Twitch, we provide branded overlays for our partners, which allow them to be showcased to the hyperengaged fans of our individual players and content creators. For a traditional team, they are mostly selling signage in-venue rather than on any type of broadcast. Esports venues and team-specific venues are planned, but they are not the norm.

Who is the audience watching these

streams? Are they that much different from people watching regular sports?

Chris: It is a much younger, digitally native and global audience. With sponsorship being quite new to esports compared to traditional sports, research studies are showing greater brand loyalty and consideration of sponsors who are supporting the teams, events and industry.

It's not like traditional sports where you are on a broadcast of an NFL game. You are showcasing the lives of esports athletes to the fans and letting them connect in a way that they don't necessarily get to do otherwise. There is a lot of shoulder content and lifestyle integration that you don't see in traditional sports.

Brad: The esports audience can be highly difficult to reach via traditional means. They have high instances of ad blocker use, and many are cord-cutters and cord-nevers. This also means that they are potentially more responsive to advertisers since they are not being bombarded with ads relative to the general population.

But you have to talk to them the right way, correct? Brands can't be tone deaf to the gamer world.

Brad: You also need to be contextually relevant within esports. If you are dealing with a Fortnite audience, you have to speak to them in a totally different way than you would a League of Legends audience. You have to be really in tune with that. A lot of times we at Team SoloMid are educating brands as consultants on ideas for how best to integrate a brand given the unique audience.

So how do you educate and engage with sponsors so they do all this right and get the return they expect?

Chris: Education is something we do often with prospective sponsors. A lot of them know that esports is somewhere they want to be, but they aren't sure what to do. We end up providing them with an overview of the industry and the ways to get involved. A lot of what we do is consulting on strategy as well, helping them understand how their brand fits the space and what type of marketing or promotions may work well for them.

Additionally, many brands are worried about games that have red blood or are realistic shooters, which is understandable. But there are lots of ways to get around that. We have a very popular Call of Duty Team, but not everyone wants to be associated with Call of Duty. We have been able to integrate brands in a way that has zero seconds of game play footage so you're talking to the audience, connecting with them, but not associated with any of the first-person shooter aspects of the game.

Brad: Let me give you an example. We work with Dr Pepper and they sponsored MLG years ago and were looking to come back into esports. They wanted to figure out where was the best place to plant a flag. We used FanAI data to make them feel comfortable that their demographic profile and overall audience align very well with the TSM audience.

It's important to provide this information to brands because many of the non-endemic brands are deciding if they should get involved with esports. We even have to use this approach with brands like

Geico and Gillette who have been with us for years to help reaffirm their strategy.

Finally, we have to help them measure their sponsorship and convey performance. We work with GumGum Sports on that. Essentially, we need a very transparent measurement infrastructure so we can have an objective conversation when evaluating and negotiating a sponsorship.

Last question: Tell me about one of the successful integrations you've seen in esports.

Chris: T-Mobile was the presenting sponsor of the Houston Outlaws in Overwatch League this season. They were a jersey partner and there are facecams in the Overwatch League, and when our players came out in the new jerseys, fans started chanting "T-Mobile!" And every time we won a match, they continued to chant "T-Mobile!" and started to coopt our logo, which looks like a Longhorn skull, and with the T-Mobile "T." The affinity for T-Mobile we saw from our fans was really unprecedented.

Brad: We were talking about the growth of Fortnite with Dr Pepper and they asked if we could wrap Dr Pepper bottles with faces of Fortnite players and send it to them so they can tweet it out. It was the most engaged tweet in Dr Pepper's history with over 50K retweets. Myth, one of our big streamers, got on and did an in-stream shout out and that went viral. Little things like that have a massive impact and can really push a sponsorship forward.



READY TO TAKE THE PLUNGE

WITH

ESPORTS SPONSORSHIP?



GumGum Sports will help you understand the real media value of all your sports and esports sponsorships.

A division of GumGum, a computer vision company, GumGum Sports helps clients quantify previously unmeasured sponsor media value across all television, streaming and social in order to inform decision-making at all stages in the sports partnership cycle.

GumGum Sports helps brands, agencies and rights-holders go Beyond the Broadcast™ using patent-pending sports detection algorithms to analyze the millions of social photos and video clips that represent the new age of sports media consumption. GumGum Sports' accurate, timely and comprehensive media valuations enable rights-holders to retain and grow partner revenue and give sponsors the ability to track and optimize media value across a portfolio of sponsorships.

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