"BRANDS THAT NEED TO ENGAGE AND CULTIVATE A YOUNGER FAN BASE CAN TURN TO ESPORTS AS A SOLUTION."

GameTime
Jesse Steinberg, Taylor Account Supervisor

“ESPORTS HAS DISRUPTED TRADITIONAL MARKETING AS WE KNOW IT.”

TR3X
Travis Rexroad, Taylor Vice President

“COLLEGE ESPORTS OFFERS DIVERSITY AND INCLUSION THAT HELP MAKE FEMALE GAMERS FEEL MORE AT HOME.”

MarketingMama
Cynthia Ramsaran, Taylor Content Director

“ESPORTS MARKETING ALWAYS STARTS WITH THE CONSUMER”

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BRANDS & ESPORTS: RAISING THE BAR FOR CONSUMER ENGAGEMENT

SUMMARY

For more than two decades of our 30-plus years as a leader and innovator in sports public relations and marketing, Taylor has been at the forefront of the digital sports revolution. Over the past five years, that has included our role as a counselor for brands who are embedded in and navigating the dynamic and fast-evolving esports landscape. Our work in esports, which includes in-depth engagements with client partners Activision Blizzard (PR AOR for the Overwatch League) and Comcast, along with 20 plus executives who are personally and professionally invested in esports - has helped us build a unique level of expertise and POV on how brands can seize this market.

THE INDUSTRY: GROWING UP, BUT TEETHING

Esports has come a long way in the past five years. Even casual observers cannot ignore the following:
- It now generates over $900M in revenue and claims 380M fans
- New fans are coming into the sport rapidly with 29% of esports fans saying they became fans in the past year
- Coverage of esports on traditional TV tripled in 2017
- By 2021 the sport will be worth over $1.65 billion

All of this gives rise to new challenges and opportunities for brands participating in the sport. Yet for all the buzz, the sport still has a lot of growing up to do. Pro tournaments are flourishing, but it’s not clear if there will be one tournament, or a series, that will draw mainstream interest and support. For example:

<table>
<thead>
<tr>
<th>TOURNAMENTS FOR ONE GAME</th>
<th>FOR A COUNTER-STRIKE TOURNAMENT IN 2018</th>
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<tbody>
<tr>
<td>Counter-Strike: Global Offensive</td>
<td>indicating that many organizations are competing with each other to be the most notable esports tournament for a particular game</td>
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<tr>
<td>Six separate organizations (World Electronic Sports Games, ELEAGUE, ESL, MLG, PGL, and Esports Championship Series) had a prize pool of over $1,000,000</td>
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| There are now over 800}

Additionally, things that make traditional sports compelling to the mainstream - rivalries, charismatic players, loyal fans of teams - are still developing in esports. Less than 1 in 4 esports fans follow a pro esports player or pro team on social media. Personalities who create shoulder content and humorous videos are more popular than pro esports athletes. Many fans struggle to name more than a few teams or players.

Lastly, the popularity of individual games varies over time. While some games (i.e., FIFA) are staples, many games fall out of favor, making it hard for brands to sponsor and build affinity and association. By 2017 top 10 esports games (by tournament prize money) didn’t exist in 2015. The largest TV audience for esports tournaments has come from two new games launched in the past year (Minecraft and H1Z1). We believe brands are in a good position to build awareness with its sponsorship of well-known, stable titles such as FIFA and League of Legends. However, as you evaluate your esports presence, there is an increased risk of being associated with games that are no longer popular.

THE FANBASE: LARGER AND MORE DIVERSE

The aforementioned shifts in the industry ought to be considered against the background of a rapidly changing esports fanbase. 84% of self-identified esports fans say they came into the sport within the last three years, with 29% coming into the sport in the last 12 months. These fans are attracted to the sport by different games and for different reasons. How they change the sport - and what will “break through” to popular culture - is difficult to predict. However, it’s clear that the fanbase is becoming more heterogeneous. It now makes about as much sense to talk about an “esports” fan, as it does to talk about a general “sports” fan. Just as the fandom of tennis and motocross are different, so are the fans of Overwatch and Candy Crush. We see three key differences emerging:

1. ASPIRATIONS

Esports fans are different from fans of other sports in that a large amount of them aspire to “go pro.” However, there are significant differences among fans of different games.

- For example, 81% of League of Legends fans aspire to be professional esports gamers, whereas only 60% of Call of Duty fans want to go pro.

2. DEMOGRAPHICS

Over three times as many women cite real-time strategy games as their favorite type of esports game, whereas 63% more men cite first-person shooters such as Counter-Strike as their favorite esports game. These gender divisions have always been persistent in gaming - witness the large, predominantly female audience that took to Facebook social games in the early 2000s. We believe that demographic changes in the fanbase will continue to play out as different types of games gain popularity and as new fans enter the marketplace.

3. AVITUDE

FIFA fans spend 55% less time playing esports than League of Legends fans, and Overwatch fans spend 12 hours playing per week, some 25% more time than League of Legends fans.

OPPORTUNITIES FOR BRANDS

A very strong case can be made for select brands to invest in esports, but given the aforementioned audience segmentation, knowing exactly where to put those marketing dollars is difficult. At this point in the sport’s trajectory, it is not clear if there will be one tournament, or a series, that will draw mainstream interest and support. For example:

1. Play the role of facilitator and advocate of the sport. Position yourself as the brand that drives esports enthusiasts together to watch, train, and compete in esports.

Esports fans are different from conventional sports fans in their desire to become professional. 81% of League of Legends fans and 76% of Counterstrike fans aspire to be professional. Brands could further capitalize on this enthusiasm to “go pro” by holding a series of branded skills training camps around the world. Sponsor training camps have the potential to earn media across the esports industry, create content that could be used for promotional channels, and establish relationships with core gamers and future esports stars.

2. Connect generations around esports. The connection between sports and family is strong: think parents taking their children to their first baseball game, or Dad being the coach of the soccer team. However, there is a growing inter-generational content around esports. Some parents want to connect with their children around esports but feel lost on how to do so.

Imagine a content campaign which “tips the script” on the traditional idea of a parent taking their child to a professional sport for the first time, and instead shows a child taking their parent to their first esports tournament. Marketers could go further into inter-generational content and events - for example, create competitions which involve family members (as players, coaches or team managers), or content for parents to help them bond with their children over esports. This would enable your brand to reach casual gamers, drive direct sales through events and deliver content for its own channels.

There are two basic principles that we feel all marketers must adhere to in the face of current industry dynamics:

1. Are sponsorship dollars targeted around the right game for the right audience? It no longer makes sense to have a generic “esports” strategy. Given that different games are attracting different demographics, with different ambitions - it’s critical to ensure your target audience is indeed playing and engaging with that specific title.

2. Is the brand ‘covering the field’ across the range of traditional sponsorship opportunities for any given game? Seek to place smaller bets across a range of tournaments, teams, and players. Create and partner with shoulder content that is universal and is in some ways insured against the peaks and valleys in popularity of individual players, teams, and leagues.

We believe esports marketers have the opportunity to stand out in two key areas. Each has the potential to generate significant mass awareness, energizer your company with both casual and pro gamers and, ultimately, drive direct sales:

1. Position yourself as the brand that drives esports enthusiasts together to watch, train, and compete in esports.

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Despite significant progress, esports have yet to obtain broad mainstream recognition. Our research of gamers across university campuses has revealed that many college gamers find going pro challenging due to lack of recognition that they are embarking on a real career. Leading sports marketers are uniquely positioned to serve as an authentic global advocate for esports.

2. Connect generations around esports. The connection between sports and family is strong: think parents taking their children to their first baseball game, or Dad being the coach of the soccer team. However, there is limited inter-generational content around esports. Some parents want to connect with their children around esports but feel lost on how to do so.

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Learn more by visiting taylorstrategy.com/esports
The stats tell the story. Taylor has been at the cutting edge of digital sports for more than two decades. Our work as a public relations counselor to leading brands activating around the recent explosion of esports has redefined the rules for fan engagement. That's why esports and digital innovators turn to Taylor’s Digital Sports Group for breakthrough activations and disruptive social influencer strategies.