

CHINA, JAPAN, SOUTH KOREA

THE ESPORTS PLAYBOOK: ASIA

MAXIMIZING YOUR INVESTMENT
THROUGH UNDERSTANDING THE FANS



INTRODUCTION



Nicole Pike
Managing Director,
Nielsen Esports

Welcome to Nielsen Esports' first report on Asia, detailing the initial phase of our comprehensive survey across the region, focusing on three key markets – China, Japan and one of the earliest adopters of esports, South Korea.

This report, the latest edition of the 'Esports Playbook' series, showcases a nuanced and in-depth study of esports fans in Asia and importantly, their behaviors. It provides an outlook of the industry in Asia today, adding to the weight of knowledge, insight and analytics Nielsen Esports has developed now across Asia, the United States and Europe.



Guy Port
Managing Director
APAC, Nielsen Sports

As the place of origin of esports, Asia has always been an important region for the industry as a whole. While gaming across the region remains serious business, followership, engagement and the most popular titles vary greatly market by market. What is an established pastime in South Korea, for example, remains a relatively new yet fast-growing phenomenon in Japan.

By combining Nielsen's expertise and experience in sports and gaming sponsorship, our explorations of the intricacies and unique aspects of esports in Asia don't stop at scrutinizing fan behavior. Understanding the genres, games and teams that define followership as well which brands stand a better chance of commercial success across the region is also essential.

As we continue to ramp up our activity within esports, a sector which offers a wealth of opportunity for stakeholders across the entertainment sphere and for brands across the world, we'd be delighted to introduce you to Nielsen's suite of dedicated esports solutions.

**“BY COMBINING NIELSEN’S EXPERTISE
AND EXPERIENCE IN SPORTS AND GAMING
SPONSORSHIP, OUR EXPLORATIONS OF
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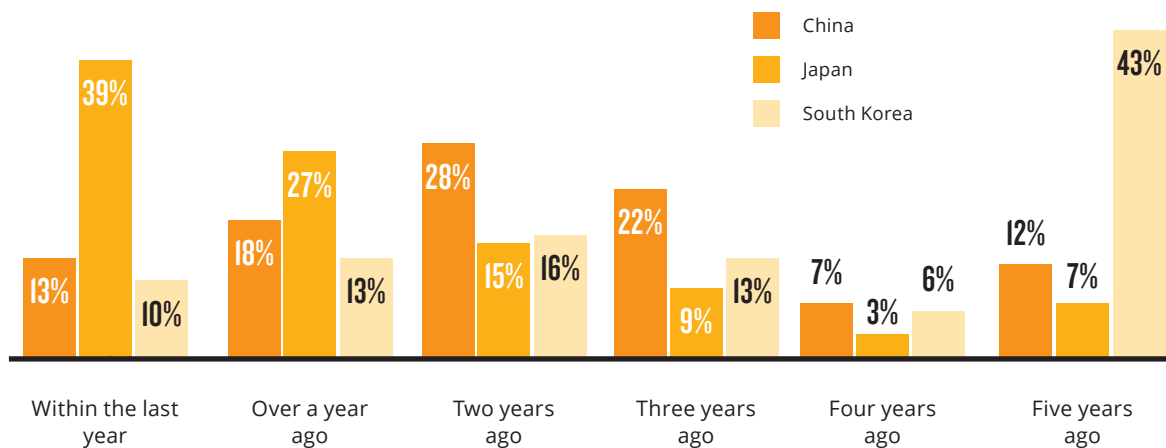
Spectators watch a League of Legends competition during the esports and music festival in Hong Kong

AUDIENCE SNAPSHOT

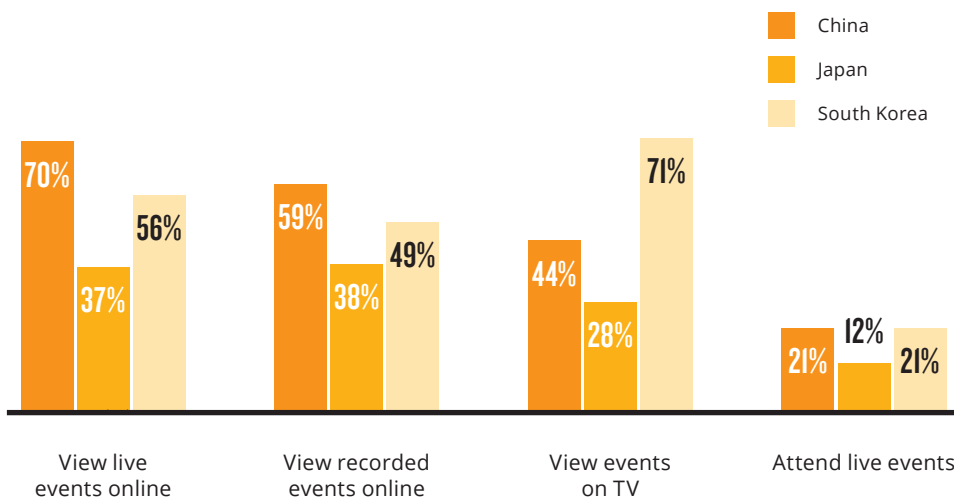
WHEN FANS STARTED FOLLOWING ESPORTS

South Korea, often referred to as the birthplace of esports, is by far the most developed of the three key Asian markets. More than 40% of fans in the country have been following esports for five or more years, with only 10% becoming engaged for the first time within the past year. That following shows no sign of slowing down.

The fastest-growing esports market in Asia is Japan, where over 80% of followers have only been following the sport for two years or less, with almost 40% following esports within the last year. In comparison, the growth of the esports market in China has been more gradual over the past several years, with most fans following 2-3 years.



HOW FANS ENGAGE WITH ESPORTS

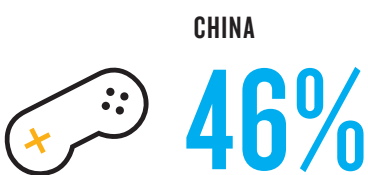


While esports is primarily seen as an online-native activity in most parts of the world, in South Korea, events are commonplace on linear TV. In China, audiences primarily engage online, while in Japan, consumption across mediums is more varied, with fewer engagement points across media types in general.

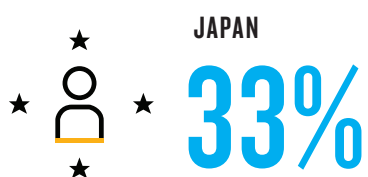
WHERE FANS ARE BEING INTRODUCED TO ESPORTS

Traditional word of mouth from friends and family spreads esports awareness the most across the Asian markets, particularly in a well-developed market like Korea. In less-developed markets like Japan, Online Personalities and Social Media are vital in supporting esports viral growth. Interest in games which coincidentally have strong esports communities is also a common form of introduction to esports for many fans.

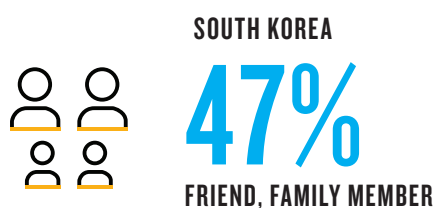
LEAD REASON BY MARKET



INTEREST IN A SPECIFIC GAME THAT LED TO ESPORTS



YOUTUBER, VLOGGER, ONLINE PERSONALITY, ENTERTAINER, ETC.



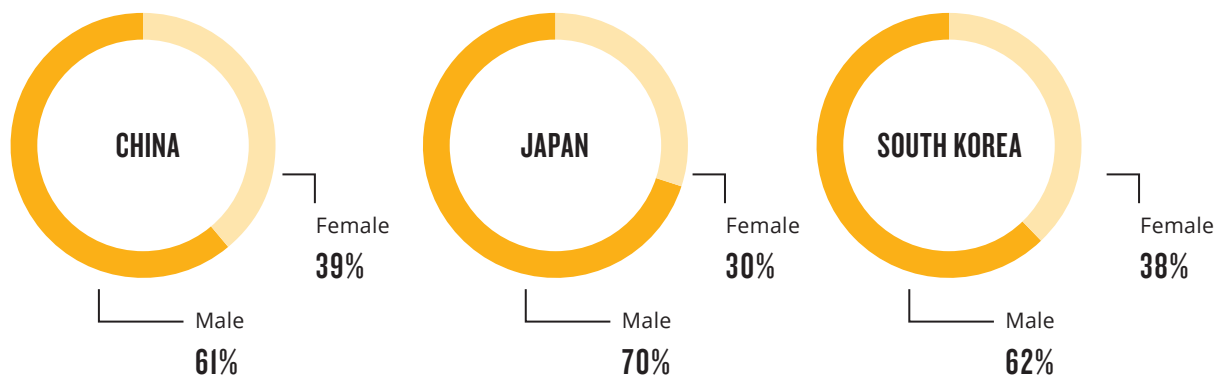
	China
Interest in a specific game	46%
Friend, family member	45%
Video from a gaming-specific video site	41%
Video from a traditional or mainstream site	34%
Social media	34%
YouTuber, vlogger, online personality, entertainer, etc.	33%

	Japan
YouTuber, vlogger, online personality, entertainer, etc.	33%
Video from a traditional or mainstream site	25%
Friend, family member	24%
Social media	18%
Interest in a specific game	17%
Fellow gamer	16%

	South Korea
Friend, family member	47%
Video from a gaming-specific video site	30%
Interest in a specific game	30%
YouTuber, vlogger, online personality, entertainer, etc.	28%
Encountered esports organically/by chance	26%
Video from a traditional or mainstream site	23%

PROFILING

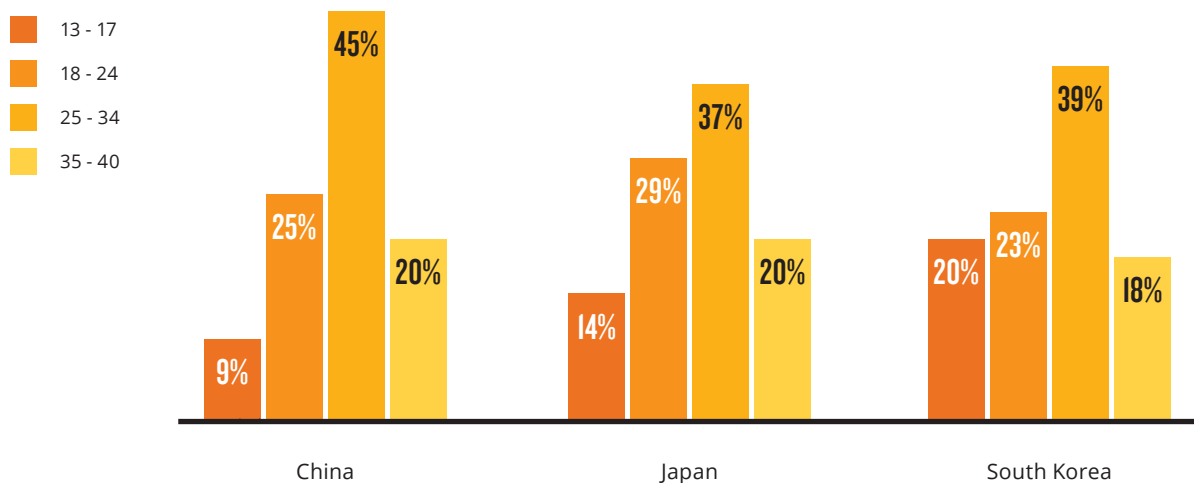
GENDER



As in the Western world, Asian esports fans skew more male than female. This is particularly true in countries where esports engagement is still growing, such as Japan. However, as the audience

develops, female engagement tends to grow, as seen in South Korea and China. In both markets, while males remain the largest group, over a third of esports fans are female.

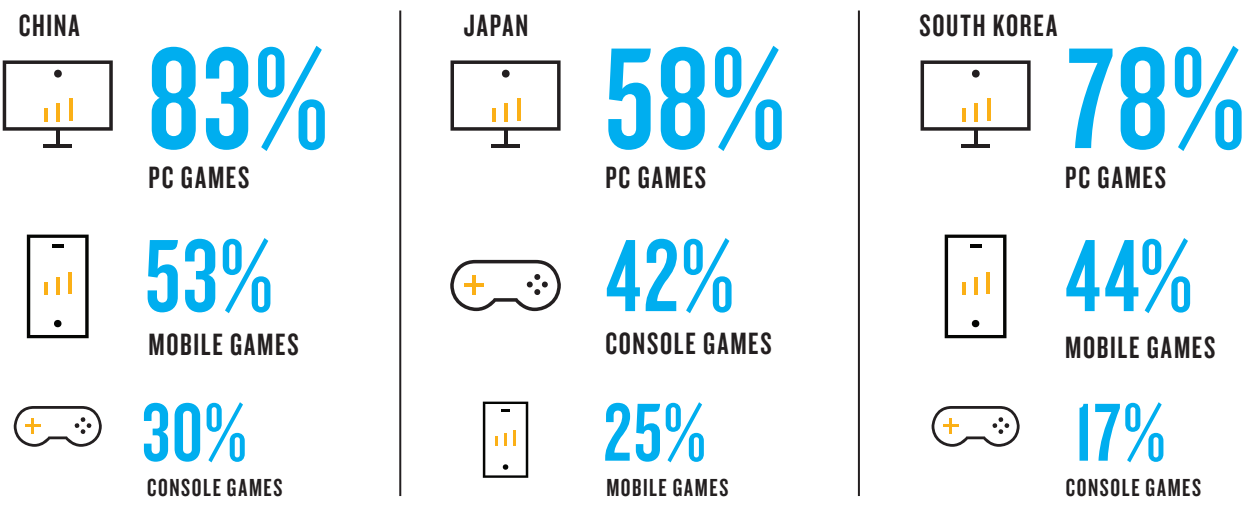
AGE



Millennials make up the majority of esports fans across the Asian markets. The biggest single age segment across all three markets are the 25- to 34-year-olds. For example, 45% of esports fans in China

fall within this age segment, 39% in South Korea and 37% in Japan. In South Korea, 20% of fans are aged 17 and under, over-indexing in teen fans relative to other Asian markets.

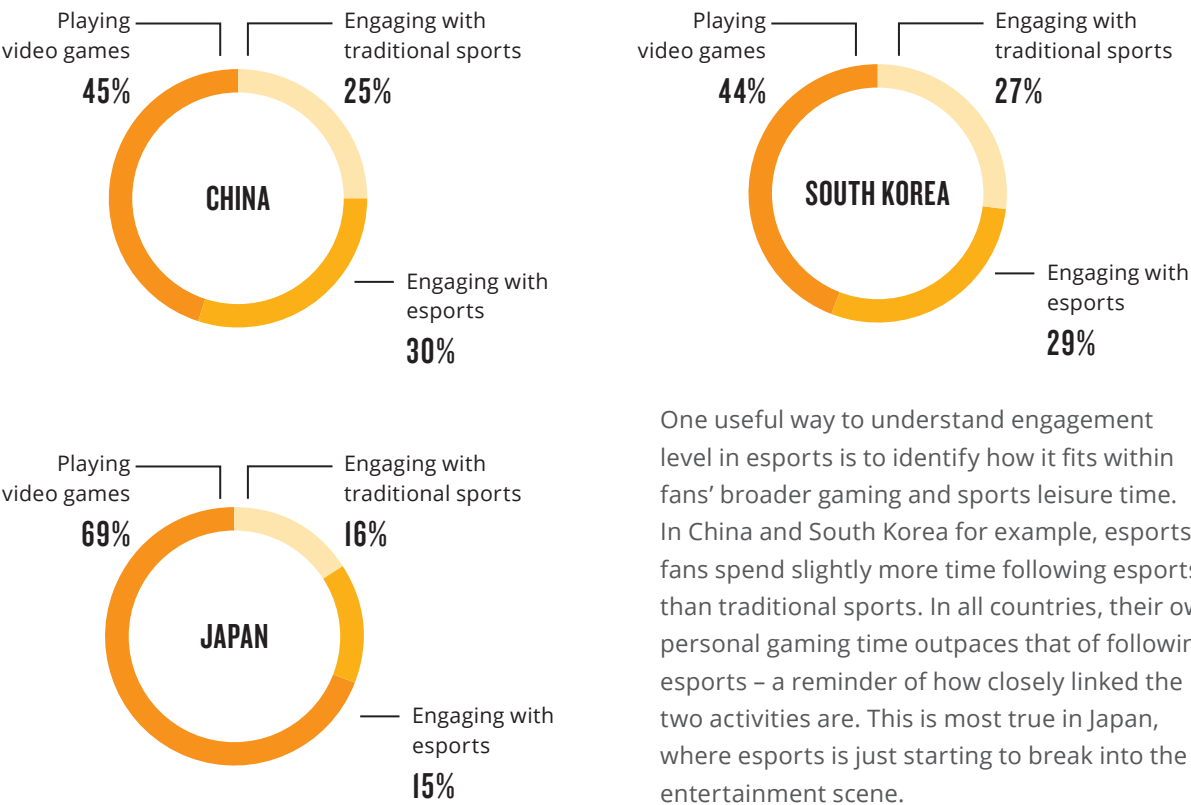
TYPES OF ESPORTS GAMES FOLLOWED



There is significant differentiation in the types of esports games fans follow in Asia. PC games are overall the dominant force especially in China and South Korea. Mobile games attract fans more so in China and South Korea than they do in Japan. Over a

half of Chinese fans follow mobile esports titles, more than double the percentage of esports’ Japanese fan base (25%). In contrast, Japan is by far the largest market for console esports titles, a reflection of this platform’s stronghold on the Japanese gaming market as a whole.

HOURS SPENT ON ACTIVITIES (SHARE OF TIME, WEEKLY)



One useful way to understand engagement level in esports is to identify how it fits within fans’ broader gaming and sports leisure time. In China and South Korea for example, esports fans spend slightly more time following esports than traditional sports. In all countries, their own personal gaming time outpaces that of following esports – a reminder of how closely linked the two activities are. This is most true in Japan, where esports is just starting to break into the entertainment scene.

WHICH TRADITIONAL SPORTS FANS ALSO FOLLOW

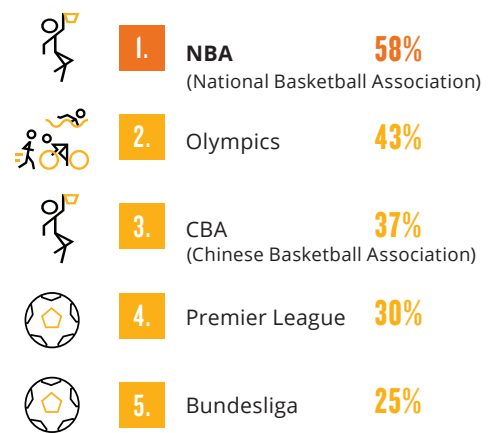
TOP 5 TRADITIONAL SPORTS LEAGUES ESPORTS FANS FOLLOW

Of the top five traditional sports that esports fans follow, leading domestic leagues feature highly. Followership in each country is dominated by three main sports: soccer, baseball and basketball.

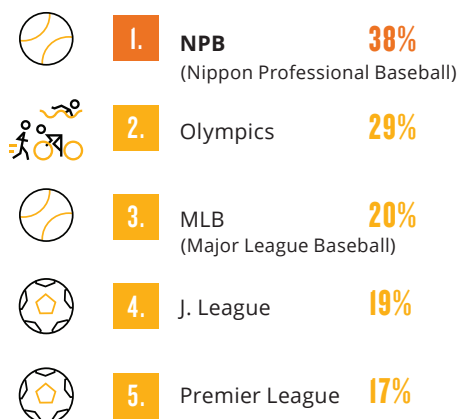
The most followed traditional sports among esports fans in China are soccer and basketball, where the CBA and NBA are very popular. In Japan, esports fans prefer baseball with the NPB and MLB ranking first and third respectively. Soccer still ranks highly in Japan, with 19% of people saying they follow the domestic J. League and 17% saying they follow the English Premier League. In South Korea, the KBO is esports fans' favorite league, with baseball taking the first two slots on this region's list.

The English Premier League and Olympic Games are the only two leagues/competitions to appear within the top five most followed in every market.

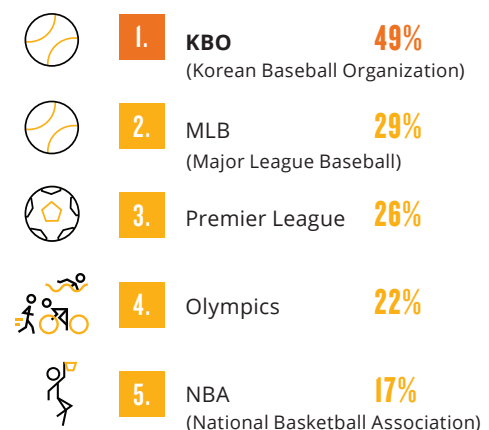
CHINA



JAPAN



SOUTH KOREA



2



Competitors battling it out playing Street Fighter V at the Hong Kong Esports Festival

GAMES AND GENRES

TOP 5 GENRES FOLLOWED

Just as there are basketball fans and then fans of individual teams, esports fans can and should be subdivided into unique groups: fans of individual games, genres and teams, to name a few. With the increasing options available to investors looking to enter the esports space, it is no longer enough to decide to invest in esports as a whole.

Understanding the different subsectors of the industry is key to determining the right entry point – and brand alignment – within esports. At their core, fans across Asia see esports as a way to connect with the games themselves – in fact, the motivation to form a stronger connection with the games is a key driver to why fans are engaged in esports to begin with.

While fans across Asia may watch for the same reasons, they are following different game genres. Multiplayer Online Battle Arena (MOBA) games rank among the top three genres most followed across the region. In China, it is by far the most followed, with 75% of fans indicating they follow esports titles within this genre. In South Korea, MOBAs rank second (29%), and in Japan, they rank third (25%). Fighting games are the most popular in Japan with over a third (36%) of fans following titles within the genre. South Korean fans, in contrast, much prefer Real Time Strategy (RTS) games with over half (51%) indicating they follow games from this genre.

	China		Japan		South Korea	
1.	MOBA	75%	Fighting	36%	RTS	51%
2.	RTS	42%	Sports	31%	MOBA	29%
3.	Shooter	38%	MOBA	25%	Shooter	27%
4.	Fighting	31%	Shooter	24%	Sports	25%
5.	Survival	24%	RTS	23%	Survival	24%

WHAT ARE THE MAIN REASONS FANS FOLLOW ESPORTS?

As with fans in the US and Europe, fans across Asia are watching esports to see the best players compete against each other in competitive, entertaining matches. The pure entertainment factor that comes with gaming events is what drives, in large part, interest in esports across Asia.

One key factor that continues to appear in China, Japan and South Korea, however, is a feeling of connection. Fans in all three markets see esports as a way to engage more deeply and connect with the games they love themselves. This is perhaps where esports stands out from traditional sports the most. In China and South Korea, it is the second most popular reason, with 34% of fans in both countries agreeing. This ranks within the top five reasons across the board.

In Japan, the draw of watching the best players compete ranks alongside the entertainment factor of esports are the two main reasons for following. Playing with friends is seen as a much more important contributing factor in China and South Korea. Social watching is the most common reason given among Chinese fans with 35% of people saying this is why they follow esports today.

	China
To have experiences with friends who also like esports	35%
To feel more connected/closer to your favorite games	34%
To experience games/gaming in a new and different way	31%
To experience the entertainment aspects	30%
To pass time/out of boredom	29%

	Japan
To experience the entertainment aspects	30%
To see the best gamers	29%
To pass time/out of boredom	27%
To feel more connected/closer to your favorite games	22%
To learn tips and tricks from the pros	21%

	South Korea
To pass time/out of boredom	38%
To feel more connected/closer to your favorite games	34%
To experience games/gaming in a new and different way	24%
To have experiences with friends who also like esports	23%
To experience the pageantry/celebration of games/gaming	22%

TOP 10 ESPORTS TITLES FOLLOWED

CHINA

1.	Honor of Kings/ King of Glory (Wang Zhe Rong Yao)	60%
2.	League of Legends	58%
3.	World of Warcraft	49%
4.	Counter-Strike	46%
5.	Clash of Clans	35%
6.	Dungeon Fighter Online	32%
7.	Dota 2	29%
8.	Hearthstone: (Heroes of WarCraft)	28%
9.	Overwatch	26%
10.	Call of Duty	23%

The leading esports titles differ among the three Asian markets with only minimal crossover. League of Legends is a rare example of a title with strong multicountry appeal. In South Korea, it is the most followed title. In China, it ranks second. Overwatch is the lone IP that features among the top 10 most followed titles in all three markets, although while it is Korean esports fans' second-most followed title, it ranks 9th and 10th as a preference in China and Japan, respectively.

Japan's love of console gaming is clear to see when examining its fans' most followed game titles, with Street Fighter, FIFA and Tekken all making an appearance in the top 10.

JAPAN

1.	Pokémon	28%
2.	Puyo Pop	25%
3.	Super Smash Bros	25%
4.	Street Fighter	24%
5.	FIFA	23%
6.	Call of Duty	23%
7.	Clash of Clans	14%
8.	Tekken	12%
9.	The King of Fighters	11%
10.	Overwatch	10%

SOUTH KOREA

1.	League of Legends	45%
2.	Overwatch	38%
3.	StarCraft	36%
4.	Sudden Attack	23%
5.	KartRider	21%
6.	FIFA	20%
7.	Clash Royale	19%
8.	MapleStory	17%
9.	Lineage	16%
10.	World of Warcraft	15%



Teams battle for supremacy
during the 2017 IEM in Shanghai

BRANDS

MAXIMIZING VALUE IN ASIA WITH SEBASTIAN RADU, CEO ESL SEA

The relationship between esports and traditional sports is ever increasing. In 2018, one major international event in particular, held in South Korea, will demonstrate just how close that relationship has forged. In 2017, Intel announced plans to bring esports to PyeongChang ahead of the Olympic Winter Games with the delivery of two gaming experiences in the run up to the Games. The Intel Extreme Masters PyeongChang esports tournament produced in partnership with ESL and featuring Blizzard Entertainment's "StarCraft® II," as well as a competition featuring Ubisoft's action-sports title "Steep™ Road to the Olympics," the official licensed game of the Olympic Winter Games PyeongChang 2018, offers an especially exciting prospect for brands and fans of sports and esports alike. It is an indication of how Asian esports is at the forefront for activation, collaboration and sponsorship opportunities.

CEO of ESL in South East Asia Sebastian Radu shares his views on maximizing value in Asia:

"The Asian markets, specifically China, Japan and South Korea, share common cultural values and behavioral patterns. Unlike the more individualistic centered cultures, such as the US or Europe, for Asians the group cohesion and harmony is extremely valuable. The outward orientation, rather than self-centered in the West, requires a high-context communication style, implicit and based on trust, that derives into different decision making processes both in the selection of partners as well as purchasing habits. As the pace of life is lower, time is perceived as polychronic and flexible, thus the go-to-market strategies tend to be very different to the western societies. In the US, as well as in Europe, governments encourage initiatives that highlight individual accomplishments, whereas in China, Japan, South Korea or other Asian markets, the moral values are collective praising correctness of social relationships, inter-dependency and loyalty towards society and the group itself.



600+

**ESPORTS SPONSORSHIP
AGREEMENTS SINCE
THE START OF 2016**

Source:
Nielsen Market Intelligence

“As social and market norms co-exist in the same sphere, the behavioral language the brands can use is a big opportunity. Competition is not between individuals, but between groups – the personal persuasion to achieve goals and ambitions is replaced by the pursuit of the social value it brings, unlocking different tendencies with (most of the times) less cost of engagement. Loyalty towards the brand does not represent the individual, but a group decision and tends to extend itself to multi-generational target groups in an organic manner, ergo the adoption of new habits have a direct impact on the brand’s success in the market. The holistic thinking style of Asians, in comparison with the more analytical style of western cultures, motivates buying decision making habits as part of a context of harmonious interdependence translating also into a higher direct in-group recommendation potential. It’s not about the noise, it’s about the trust-based long-term relationship it develops.”

BRAND FIT IN ESPORTS



Based on the perception among esports fans in Asia, endemic gaming brands such as hardware manufacturers, developers and publishers have a natural relationship with esports and as such are all seen as being logical partners. These brands show the best brand fit.

PERCEIVED FIT WITH ESPORTS: ENDEMIC BRANDS

	China	Japan	South Korea
Gaming accessories	1	5	4
Console manufacturers	2	1	2
Gaming media	3	2	1
PC gaming hardware brands	3	3	4
Game publishers/developers	3	3	2

Chart shows each endemic category's rank in terms of perceived brand appropriateness with esports in each country.



Outside of endemic brands, beverage and technology sectors are also seen as a good fit with esports among fans. Many of these categories also represent sectors that increased their esports sponsorship activity in the second half of 2017. With this in mind, brands from these industries will be charged with creating engaging, unique partnerships that will allow them to stand out – in a good way – from their competitors who are also looking to resonate with Asian esports fans.

PERCEIVED FIT WITH ESPORTS: SEMI-ENDEMIC AND NON-ENDEMIC BRANDS

	China	Japan	South Korea
Tech brands	1	2	4
Internet service providers	2	2	1
Energy drinks	3	1	2
Mobile carriers	4	6	3
Carbonated beverages	5	4	6
Sportswear manufacturers	6	5	5
Traditional media	7	7	7

Chart shows each semi/non-endemic category's rank in terms of perceived brand appropriateness with esports in each country. Top 7 out of 19 categories shown.

NIELSEN ESPORTS

Through our collective intelligence in sports, games, media and consumer behavior, Nielsen Esports is the premier provider of data and insights for maximizing investments in esports.



The global standard to **quantify value and benchmark media performance** in esports across multiple platforms and screens.



Deep **understanding of the fan nuances** in different types of esports.



Extensive **custom esports research and consulting** experience.

FAN INSIGHTS

Consumer survey data featured in this report is a small subset of the full data set available in our new Nielsen Esports Fan Insights product, which provides an in-depth look at the global esports fan across a range of topics, including:



ESPORTS ENGAGEMENT

- Content Types
- Platform Usage
- Lifestyle
- Drivers & Limitations



GAMING BEHAVIOR

- Device Ownership
- Playership by Platform, Genre and Game Titles
- Gameplay Social Sharing



FOLLOWING ESPORTS

- Awareness Habits
- Interaction Preferences
- Event Interest



BRAND & SPONSORSHIP

- Recall & Impact
- Brand Fit
- Fan Openness



VS. TRADITIONAL SPORTS

- Engagement
- Fandom
- Platform Usage



Fans watch on at the Intel Extreme Masters in Shanghai, 2017



METHODOLOGY

- **Proprietary online survey**
- **Sample per country:**
N=1,000 esports fans ages 13–40
- **Countries surveyed:**
China, Japan and South Korea

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit www.nielsen.com.

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THE SCIENCE BEHIND WHAT'S NEXT™