U.S., UK, GERMANY, FRANCE

THE ESPORTS PLAYBOOK

MAXIMIZING YOUR INVESTMENT THROUGH UNDERSTANDING THE FANS

INTRODUCTION

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Welcome to Nielsen Esports' first fan report, detailing the initial phase of our comprehensive survey of the global esports audience, focusing on four key Western markets – the U.S., United Kingdom, France and Germany.

This is a combined effort that has brought together Nielsen's expertise and experience in the sports and games sectors to produce a first-of-its-kind, nuanced and in-depth study into esports fan behaviors.

Thanks to its rapid development, the technology and connectivity that makes it possible, several high-profile investments from brands, broadcasters and rights holders in established sports, and many projections about the size and scale of the opportunity, there is understandable interest in esports – and those who participate, stream and organize it.

> "NIELSEN ESPORTS IS A COMBINED EFFORT THAT HAS BROUGHT TOGETHER NIELSEN'S EXPERTISE AND EXPERIENCE IN THE SPORTS AND GAMES SECTORS."

While the size of the esports fan base is undoubtedly growing, the picture of this audience is as complex as for any established sport, with differences across markets, game genres and individual titles, to name a few.

Rather than join the rush to market, we have spent time carefully examining the intricacies and unique aspects of the esports world and listening to the esports industry before collecting the data and crafting the commentary that shapes the following pages.

While this report focuses on the United States and Europe, Asia is, naturally, our equal priority – Nielsen's analysis of the esports audience of China, Japan and South Korea will follow later in the year.

As we 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.

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The G2 team enters the arena at ESL One 2017, in Cologne, Germany.

AUDIENCE SNAPSHOT

SETTING THE SCENE

The esports industry is developing rapidly, with new tournaments, new investors, new teams and new ways of consuming content all contributing to the growing esports culture.

Understanding esports fans and their behaviors is, of course, critical to all stakeholders in an increasingly professionalized sector; to begin that process, this report has been structured to examine several theories - cliches and in some cases myths - which have grown up alongside the high-profile emergence of esports over the past few years.

By examining these theories - and by proving or disproving them - a true picture of esports fans and their behaviors begins to emerge.

As a starting point, our new research narrows in on the 13 to 40 year old esports audience, who have proven to be reliably knowledgeable about and engaged in the esports sector – and in turn, provide the most valuable insight into this passionate fan base.

Even within this narrower sub segment of the population, esports fans distinguish themselves versus not only the broader established sport fan base, but even fans of a similarly global-in-nature sport – soccer.

They are indeed even younger within this age band (an average age of 26, vs. 28 for both broader sports and soccer), and much more definitively male (71% vs. 61% for broader sports and 59% for soccer).

Of course, the young, male profile of esports has been consistently touted as one of the sector's most attractive qualities – despite its much smaller reach vs. broader sports and the well-established, global phenomenon that is soccer, the unique ability to tap into this increasingly elusive demographic is one brands find hard to resist.

However, the esports fan base is so much more than its surface reveals – beneath the buzz-worthy exterior, the passion, engagement, and broader context of these consumers' lives help to paint a picture of a fan worth getting to know much more deeply. Here, as a start to our report, we attempt to do just that.

PROPORTION OF MALE FANS

71%

ESPORTS

61%

SPORTS

59%

SOCCER

THE THEORY

» ESPORTS IS FOR ANYONE LOOKING TO REACH MILLENNIAL MALES «

7 in 10 esports fans are male; further, male fans tend to live stream esports content more frequently than their female counterparts. However, nearly 1 in 4 female fans still stream at least weekly. To characterize all esports fans as Millennial males would be far too simplistic.

VIEWING A LIVE STREAM

ACROSS MARKETS - U.S., UK, FRANCE, GERMANY

	Male	Female
Weekly or more often	36%	23%
Monthly	30%	26%

BUILDING A DEEPER PICTURE OF THE ESPORTS FAN IN 2017

- **61% of esports fans live in households with 3+ people –** while esports may be their personal hobby, they are part of (and making purchase decisions for) a household/family.
- **Only 17% of both esports' fans leisure time and money is spent on gaming –** esports may be their hobby, but their daily lives entail much more.
- **Esports fans** may be a unique consumer segment, but they **use social channels** that are broadly popular:

Facebook	**57%**	Snapchat	**34%**
Twitter	**42%**	Reddit	**22%**
Instagram	**36%**		

ESPORTS FANS' CONSUMPTION OF TRADITIONAL SPORT VS. ESPORTS CONTENT

Live streaming is the dominant form of esports viewership among fans. While the esports audience does also view traditional sports programming online, TV remains the dominant platform here. Despite their esports affinity, esports fans are still more likely to have attended a sports event in person in the past year vs. an esports event. Of note, in France the gap is narrowest between attending a sports event vs. an esports event, while esports TV tendencies are strongest in the U.S.

	U.S.	UK	France	Germany
View a live stream esports event online (live/as it happened)	66%	65%	60%	59%
View a live stream of a sporting event online (live/as it happened)	40%	38%	40%	39%
View an esports event on TV (live or pre-recorded/on-demand)	42%	36%	33%	34%
View a sporting event on TV (live/as it happened)	63%	60%	55%	59%
View a sporting event on TV (pre-recorded/on-demand)	36%	37%	24%	29%
Attend a live esports event (in person/as a spectator)	16%	14%	21%	16%
Attend a live sporting event (in person/as a spectator)	37%	33%	24%	32%

THE THEORY

» ESPORTS FANS AREN'T INTO TRADITIONAL SPORTS«

INTEREST IN TRADITIONAL SPORTS

ESPORTS FANS BY MARKET

U.S.

1.	**Football**	66%
2.	Basketball	57%
3.	Baseball	47%
4.	Soccer	39%
=	Boxing	39%

UK

1.	**Soccer**	59%
2.	Boxing	42%
3.	Motorsport	36%
=	Tennis	36%
4.	Rugby	32%

FRANCE

1.	**Soccer**	57%
2.	Tennis	46%
3.	Basketball	43%
4.	Rugby	38%
=	Handball	36%

GERMANY

1.	**Soccer**	66%
2.	Boxing	36%
=	Motorsport	36%
3.	Football	35%
4.	Basketball	33%

In all four markets, interest in the most popular established sport among esports fans is well over 50%. The sports which tend to garner the most interest – soccer, football, basketball, boxing and motorsport – among eSports fans also tend to have popular video game franchises, for example EA SPORTS' FIFA and Madden games, NBA 2K and Codemasters' annual F1 game.

THE THEORY

» ESPORTS FANS ARE AVID STREAMERS AND DON'T WATCH LINEAR TV «

HOURS SPENT WATCHING TV PER WEEK

AVERAGES FOR ESPORTS FANS

U.S.	UK	FRANCE	GERMANY
4.4	3.8	4.0	4.1

Esports fans are watching TV (for clarity, any TV rather than esports-specific content) – but they are also doing a lot of other things, including, unsurprisingly, playing video games. In fact, the average esports fan spends nearly double the time playing video games than watching TV on a TV screen.

Esports fans are avid streamers who also watch linear TV and are consuming content via all sorts of different screens. Interestingly, female esports fans are watching 15% more TV on average than their male counterparts.

HOURS SPENT PLAYING VIDEO GAMES PER WEEK

AVERAGES FOR ESPORTS FANS

U.S.	UK	FRANCE	GERMANY
8.2	8.3	8.0	7.9

HOW ESPORTS FANS SPEND THEIR TIME

HOURS SPENT PER WEEK... (ACROSS MARKETS - U.S., UK, FRANCE, GERMANY)

4.3

WATCHING TV ON A TV SCREEN (CABLE OR SATELLITE)

3.5

WATCHING DIGITAL OR STREAMING CONTENT (TV/MOVIES) THROUGH SERVICES*

*iTunes, Amazon Prime Video, Google Play, Netflix, Maxdome, Hulu, VUDU, HBO Go etc.

4.5

WATCHING INTERNET VIDEOS THROUGH WEBSITES*

*YouTube, Vimeo, Facebook, Dailymotion, etc.

3.7

USING THE INTERNET ON A COMPUTER FOR GENERAL USE* BUT NOT VIDEO GAMES

*(email, surfing websites, IM etc.)

2.6

USING THE INTERNET ON A COMPUTER FOR SOCIAL NETWORKING BUT NOT VIDEO GAMES

2.8

USING THE INTERNET ON A MOBILE PHONE FOR GENERAL USE* BUT NOT VIDEO GAMES

*(email, surfing websites, IM etc.)

3.0

USING THE INTERNET ON A MOBILE PHONE FOR SOCIAL NETWORKING, BUT NOT VIDEO GAMES

2.4

PARTICIPATING IN ESPORTS ACTIVITIES*

*(related to pro competitive gaming, such as watching, attending, following, competing etc.)

8.2

PLAYING VIDEO GAMES*

*(on a console, handheld, computer, mobile device, or online)

THE THEORY

» ESPORTS IS A GLOBAL ACTIVITY, WITH A GLOBAL FAN PROFILE «

While esports fans are often assumed to have the same habits and influences across borders, closer analysis highlights various points of difference even among Western fans in the U.S., UK, France and Germany. Understanding these nuances is essential when developing a strategy for entry into esports - the allure of reaching a global audience is strong, but a singular approach will often not reach all fans effectively.

		U.S.	UK	France	Germany
Devices esports fans play games on	**Xbox One**	35%	32%	19%	12%
	PlayStation 4	34%	35%	34%	32%
	Computer	50%	39%	54%	51%

French and German esports fans are less likely to game on Xbox One, while British fans are least likely to game on PC.

		U.S.	UK	France	Germany
When fans started following esports	**Within the last year**	29%	34%	34%	30%
	One to three years ago	55%	55%	52%	51%
	Four years ago or more	16%	11%	14%	19%

The German esports fan base is more established than the other three major Western markets, with nearly a fifth having been a fan for over four years.

		U.S.	UK	France	Germany
Influences in becoming an esports fan	Friend, family member	37%	35%	46%	38%
	YouTuber, vlogger, online personality, entertainer, etc	34%	34%	42%	41%
	Interest in a specific game that leads to eSports	27%	24%	34%	26%

French esports fans are more likely to have been drawn to esports through friends and family. French and German fans are more likely to have been engaged via the influence of online personalities.

		U.S.	UK	France	Germany
Active following of esports personalities/teams	A certain online personality, YouTuber, vlogger, entertainer, streamer, etc	34%	31%	37%	32%
	A certain pro player/ gamer	26%	21%	22%	20%
	A certain pro team	25%	18%	20%	18%

French fans are more likely to actively follow esports online personalities, while U.S. esports fans are more likely to actively follow specific pro gamers and/or teams.

		U.S.	UK	France	Germany
Interest in following esports sponsors on social media	% Extremely/Very Interested	25%	15%	17%	16%

American esports fans are most attracted to the notion of following esports sponsors on social media. A quarter of U.S. esports fans say they'd be extremely/very interested in following such sponsors.

GAMES ESPORTS FANS FOLLOW

TOP 5 PC EXCLUSIVE GAMES FOLLOWED THROUGH ESPORTS

	U.S.	UK	France	Germany
1.	**Counter-Strike**	**Counter-Strike**	**League of Legends**	**Counter-Strike**
2.	League of Legends	League of Legends	Counter-Strike	League of Legends
3.	Dota 2	Dota 2	H1Z1	StarCraft
4.	StarCraft	H1Z1	StarCraft	Dota 2
5.	Heroes of the Storm	StarCraft	Heroes of the Storm	H1Z1

TOP 5 CROSS-PLATFORM GAMES FOLLOWED THROUGH ESPORTS

	U.S.	UK	France	Germany
1.	**Call of Duty**	**Call of Duty**	**Call of Duty**	**FIFA**
2.	Halo	FIFA	FIFA	Call of Duty
3.	Overwatch	Halo	Overwatch	Overwatch
4.	FIFA	Overwatch	Hearthstone: Heroes of the WarCraft	Hearthstone: Heroes of the WarCraft
5.	Street Fighter	Street Fighter	Rocket League	Rocket League

Q AND A

ESL'S CRAIG LEVINE

ESL is the world's largest esports company. Founded in 2000, it operates leagues and tournaments – from stadium-size events to grassroots amateur contests – around the world. It is also active in gaming technology, event management, advertising and television production. ESL's parent company, Turtle Entertainment, was acquired by international entertainment group MTG in 2015. Here, Craig Levine, CEO of ESL North America, discusses the state of the esports market and where it might be heading.

How would you describe the current overall health of the esports industry?

Craig Levine ▶ The overall health of the esports industry is strong. We've seen explosive growth over the past three years with a strong, engaged, and passionate fan base around the world. Our large events and leagues draw tens of millions of viewers and culminate in sold arenas. The industry is young and still developing but has incredible potential to disrupt a lot of established businesses, which draws heightened expectations from different groups including media companies, sports leagues, different team ownership groups, and venture funds. The complexity of the industry has led to some uncertainty for various parties on how to best enter the market but we've had strong success with our partners.

ESL, founded in 2000, is the world's largest esports company.

To what extent has ESL's understanding of the esports audience developed over the past couple of years?

Levine ▶ The leadership at ESL and our company have been building the esports industry over the past 20 years. We drive thought leadership and work across multiple facets of the industry to grow and mature the sport. We continue to learn and refine our strategy based on stakeholder feedback (players, fans, teams, publishers, partners, etc.), market developments, and our vast experience but we are more focused than ever on what will grow the global esports fan base and drive our business.

Where do you see the bulk of revenues being generated? Sponsorship, investments in teams/tournaments, media rights?

Levine ▶ There isn't one single revenue channel that outshines the others but rather the compilation of sponsorship, advertising, media rights, ticket sales, merchandise, and B2C offerings.

What's the biggest growth opportunity for ESL over the next 12 months?

Levine ▶ We believe strongly in building a global footprint to serve fans all over the world and will continue to open new offices, build more national championship programs, and bring our big global properties to new markets. We are working to increase consistency and storytelling across our product portfolio and focusing on enhancing the player and fan experience onsite. We also are creating new and unique content to feed new and diverse platforms.

What's the key to attracting more non-endemic brands into the space?

Levine ▶ The key to attracting more non-endemic brands into the esports space is a combination of time and education. We have an incredibly unique and attractive global fan base and esports is quickly becoming a topic of interest and exploration for many non-endemic brands. The market is maturing but most importantly those who have worked with us have seen strong success and are expanding their esports programs year over year.

2

The League of Legends North American Championship Series in full swing.

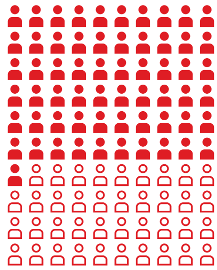
GAMES AND GENRES

PLAYING AND VIEWING HABITS AMONG ESPORTS FANS

Just as there are soccer fans and then fans of individual clubs, 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 sub-sectors of the industry is key to determining the right entry point - and brand alignment - within esports.

At their core, esports fans are also passionate gamers - in fact, the motivation to become better at playing games themselves is a key reason they are engaged in esports to begin with. In terms of games esports fans like to play themselves, Call of Duty ranks highest in the USA (61% of esports fans there say they play it) and France (48%), while Grand Theft Auto tops the list in the UK (63%) and Germany (54%).

Of note, a number of the most-played games do not currently have major esports leagues associated with them, but are popular AAA titles among the broader gaming audience - further emphasizing the importance of looking at the esports fan more holistically.



61%

OF U.S. ESPORTS FANS PLAY CALL OF DUTY, TOPPING THE LIST OF GAMES PLAYED.

GAMES PLAYED BY ESPORTS FANS

U.S.

1.	**Call of Duty**	61%
2.	Grand Theft Auto	60%
3.	Pokémon	43%
4.	Mario Kart	42%
5.	Battlefield	40%
6.	Candy Crush Saga	40%
7.	Halo	37%
8.	Super Smash Bros.	35%
9.	Legend of Zelda	32%
10.	Mortal Kombat	31%

UK

1.	**Grand Theft Auto**	63%
2.	Call of Duty	58%
3.	FIFA	44%
4.	Mario Kart	40%
5.	Battlefield	39%
6.	Pokémon	35%
7.	Candy Crush Saga	32%
8.	Need for Speed	30%
9.	Halo	28%
10.	Counter-Strike	25%

FRANCE

1.	**Call of Duty**	48%
2.	Grand Theft Auto	47%
3.	Mario Kart	41%
4.	FIFA	38%
5.	Pokémon	37%
6.	Candy Crush Saga	35%
7.	Battlefield	31%
8.	League of Legends	31%
9.	Counter-Strike	26%
10.	Clash Royale	26%

GERMANY

1.	**Grand Theft Auto**	54%
2.	Call of Duty	42%
3.	Mario Kart	40%
4.	FIFA	38%
5.	Battlefield	36%
6.	Pokémon	36%
7.	Need for Speed	35%
8.	Counter-Strike	32%
9.	Candy Crush Saga	29%
10.	League of Legends	27%

THE THEORY

»A FAN OF ONE ESPORTS TITLE IS A FAN OF THEM ALL«

Esports fans are passionate about the games they play and follow - in turn, different esports titles attract unique audiences based on their subject matter, genre, publisher, tone, and more. Here, we compare fans of five major esports titles (across the four markets – U.S., UK, France, Germany) to illustrate that difference.

For one, distinct esports games attract a differentiated mix of male vs. female fans. Counter-Strike, for example, is much more male-dominated than the other four titles, a 90:10 split compared to FIFA’s 68:32.

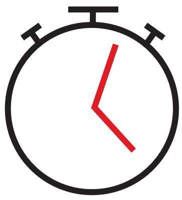
GENDER ACROSS MARKETS - U.S., UK, FRANCE, GERMANY

	Overwatch	Counter-Strike	Dota 2	FIFA	League of Legends
Male	79%	**90%**	84%	68%	76%
Female	21%	10%	16%	**32%**	24%

Different esports titles also attract a variety of gamer profiles. Overwatch viewers spend over 12 hours a week gaming, 2+ hours more than the average League of Legends fan. Meanwhile, FIFA fans spend the least amount of time gaming - roughly half the amount of other titles' fans.

AVERAGE HOURS PER WEEK PLAYING VIDEO GAMES

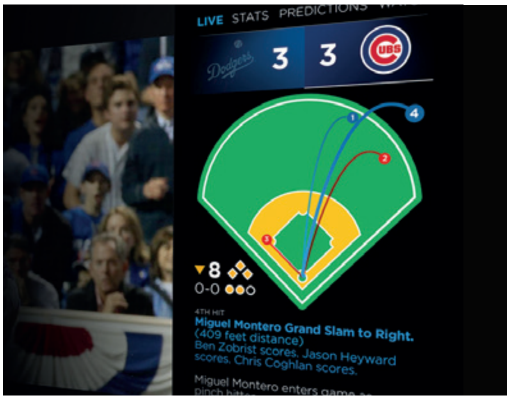
12.2	11.7	11.5	5.3	9.8
OVERWATCH FANS	COUNTER-STRIKE FANS	DOTA 2 FANS	FIFA FANS	LEAGUE OF LEGENDS FANS



TREND TO WATCH

ESPORTS PLAYER AND GAME PERFORMANCE DATA

As a new and growing industry, with team and tournament set-ups becoming more sophisticated and media coverage broadening, there will be an increased demand for performance data at both game and player level. Gracenote, a Nielsen company, already captures, curates and delivers in-depth sports data including schedules, scores, statistics, play-by-play details and team and player information for the world's major professional leagues and events. Adding coverage of esports is a natural extension to this and will underline Nielsen's status as a one-stop shop for any esports digital and reporting needs. This plan for performance data is currently being mapped and developed, with new competitions such as NBA 2K eLeague and Overwatch League being prime candidates for initial coverage.



NUMBER OF ESPORTS GENRES/TITLES FOLLOWED

On average, esports fans follow 2 to 3 different genres, and roughly five different games. U.S. fans are most likely to follow multiple esports genres and titles, with German fans the least likely of the four markets surveyed.

	U.S.	UK	FRANCE	GERMANY
AVERAGE NUMBER OF GENRES FOLLOWED IN ESPORTS	2.6	2.2	2.2	2.0
AVERAGE NUMBER OF ESPORTS TITLES FOLLOWED	5.7	4.5	4.5	3.8

ESPORTS AND SOCIAL INTERACTION

Social interaction in esports is multi-faceted and occurs at many points before, during and after the event. Communication happens in-game (through chat messages or VoiP - Voice over internet Protocol), third-party apps (for example, Team Speak, Ventrillo, Discord or Skype), or via Twitch Chat, Twitch's in-built messaging service. Twitch Chat has been described by *Rolling Stone* magazine as the "definitive language to talk about the games industry" and the speed of the chat has become a key identifier in the popularity, or otherwise, of a stream.

HOW FANS FOLLOW ESPORTS PLAYERS/TEAMS (TRADITIONAL SOCIAL PLATFORMS - EXCLUDES TWITCH)

PLAYERS		TEAMS	
1.	**YouTube**	1.	**YouTube**
2.	Live video streaming	2.	Twitter
3.	Twitter	2.	Facebook
3.	Facebook	4.	Live video streaming
5.	Instagram	5.	Through other media
6.	Through other media	6.	Instagram

'Traditional' social media platforms provide another forum for debate and conversation about esports, supplemented by a growing number of dedicated news sites and content generated by teams for their own websites.

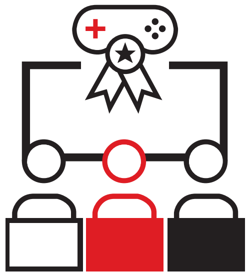
Due to an esports athlete's ability to both play professionally and stream their own content, fans have the chance to experience watching their favorite player compete as well as virtually hanging out with them while they stream.

Fan engagement strategies across teams, players, tournaments and streams are still evolving, with new innovations including the use of overlays, pop-ups and transitions to improve the viewing experience. As yet, there is no consistent event or broadcast format across esports; indeed, the concept of an unannounced event, release or new game feature is very much built into the culture of the industry.

MOST COMMONLY FOLLOWED ESPORTS TEAMS

BY MARKET (INCLUDES SELECTED TITLES/TOURNAMENTS TEAMS PARTICIPATE IN)

Cloud9, an American organization that fields teams across multiple esports tournaments and titles, has the broadest claimed following across the four markets, coming out on top in the UK and USA, second behind Fnatic in Germany and behind just Fnatic and Spanish-founded G2 Esports in France.



U.S.

1. **Cloud9**
LoL, CS:GO, DOTA 2, Overwatch, Hearthstone, Smash, COD, PUBG, H1Z1, Vain Glory, Rocket League

2. **OpTic Gaming**
COD, CS:GO, Halo, Gears of War

3. **Team Liquid**
StarCraft 2, LoL, Hearthstone

4. Fnatic
5. SK Gaming
6. Counter Logic Gaming
7. Ninjas in Pyjamas

UK

1. **Cloud9**
LoL, CS:GO, DOTA 2, Overwatch, Hearthstone, Smash, COD, PUBG, H1Z1, Vain Glory, Rocket League

2. **Fnatic**
COD, CS:GO, DOTA 2, FIFA, HotS, LoL, Overwatch, Vain Glory

3. **OpTic Gaming**
COD, CS:GO, Halo, Gears of War

4. Ninjas in Pyjamas
5. Team EnVyUs
6. Virtus.Pro
7. Team Astralis
7. Team Liquid

FRANCE

1. **Fnatic**
COD, CS:GO, DOTA 2, FIFA, HotS, LoL, Overwatch, Vain Glory

2. **G2 Esports**
LoL, Hearthstone, CS:GO, Rocket League, Vain Glory, Smash

3. **Cloud9**
LoL, CS:GO, DOTA 2, Overwatch, Hearthstone, Smash, COD, PUBG, H1Z1, Vain Glory, Rocket League

4. SK Telecom T1
5. Team EnVyUs
6. Team Vitality
7. Ninjas in Pyjamas

GERMANY

1. **Fnatic**
COD, CS:GO, DOTA 2, FIFA, HotS, LoL, Overwatch, Vain Glory

2. **Cloud9**
LoL, CS:GO, DOTA 2, Overwatch, Hearthstone, Smash, COD, PUBG, H1Z1, Vain Glory, Rocket League

3. **SK Gaming**
CS:GO, Hearthstone, Vain Glory

4. SK Telecom T1
5. Virtus.Pro
6. Ninjas in Pyjamas
7. G2 Esports

3

A host of brands are activating around major esports events such as ESL One Cologne.

BRANDS

MAXIMIZING VALUE IN A RAPIDLY DEVELOPING MARKETPLACE

The past few years have seen a host of brands enter the esports space in various guises, as sponsors of teams, events, tournaments and broadcast platforms. Many of these are technology, gaming and consumer electronics brands, but non-endemic brand sponsorships are on the rise, too.

In particular, teams, leagues and tournaments have forged partnerships with brands in categories such as automotive, food/beverage, personal care, and finance/insurance.

"Brands entering the esports space, in whatever capacity, need to have done their due diligence and homework, to understand not only their own objectives but also the audience, their habits and their preferences," says **Nicole Pike, Nielsen Esports' Global Research and Product Lead.**

"Understanding the complexities and intricacies of the esports marketplace is another major challenge – there are a multitude of teams, tournaments, titles, players and commercial and broadcast models in play, as the sector develops and matures. We are already seeing examples of brands making the most of the opportunity and generating significant returns on their investments in esports."

"As brands learn more about esports, its participants, viewers and the technology that underpins it, expect to see ever more sophisticated activations and integration leading to greater return on investment."

600+

ESPORTS SPONSORSHIP AGREEMENTS SINCE THE START OF 2016

Source:
Nielsen Market Intelligence

NUMBER OF ESPORTS SPONSORSHIPS PER INDUSTRY

(2016 AND 2017 TO DATE)

360+	100+	60+	50+	40+
IT/COMPUTER (CUMULATED)	RETAIL (CUMULATED)	ONLINE SERVICES	NON-ALCOHOLIC DRINKS	ONLINE MEDIA

Source: Nielsen Market Intelligence

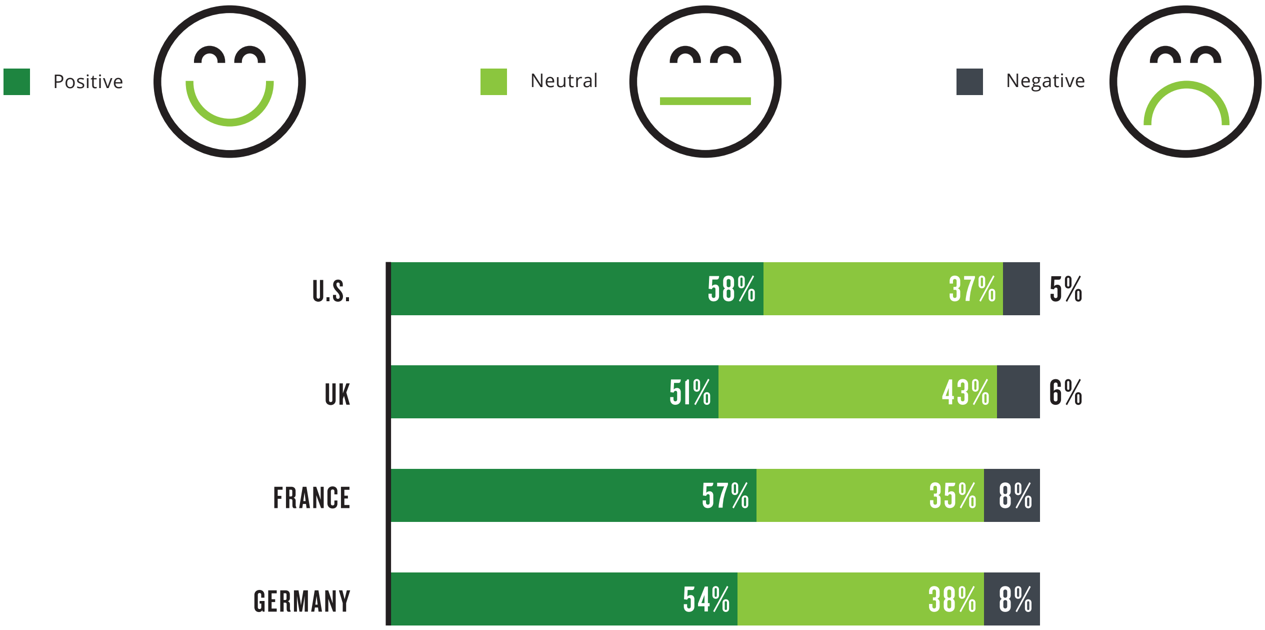
THE THEORY

» ESPORTS FANS DON'T LIKE CORPORATE SPONSORSHIP «

As esports has developed and increasingly moved to the fringes of mainstream culture, a prevailing fear is that the participants and viewers of competitive video gaming might be wary or cynical about the increasing involvement of corporate brands.

The data from the four major Western markets, however, suggests otherwise. 50-60% of respondents have favorable responses towards brand involvement in tournaments, streams or esports events. Less than 10% gave a negative response to brand activity.

ATTITUDES TOWARDS BRAND INVOLVEMENT IN ESPORTS



THE THEORY

» ESPORTS FANS PREFER ENDEMIC SPONSORS«

In the current esports environment, there is in fact more stated resistance to non-endemic brand activity within esports, across all 4 markets. In France, for example, 31% of esports fans believe non-endemic brand activity is not at all appropriate. The figure for the United States, however, is just 15%, while the UK (22%) and Germany (24%) fall in between.

Though not true gaming products, technology brands, energy drink, and snack food manufacturers might best be described as “semi-endemic”, so ingrained are they in the esports and broader gaming experience. In turn, these types of products are most accepted as potential esports sponsors after endemic companies, while stated resistance is highest to the involvement of insurance and financial services brands. With the notable exceptions of liquor and beer, consumer packaged goods (CPG) brands are generally seen as more appropriate than brands in the fast casual or delivery sectors.

While these trends reflect general consumer preferences at a category level, the onus is ultimately on the individual brand to make a connection with the esports fan. It is this, more than category favorability alone, that will drive the success of an esports sponsorship activation.

MOST APPROPRIATE CATEGORIES
(excluding endemics)

Technology companies

Energy drinks

Internet service providers

Carbonated beverages/ snack foods

LEAST APPROPRIATE CATEGORIES

Insurance

Financial services

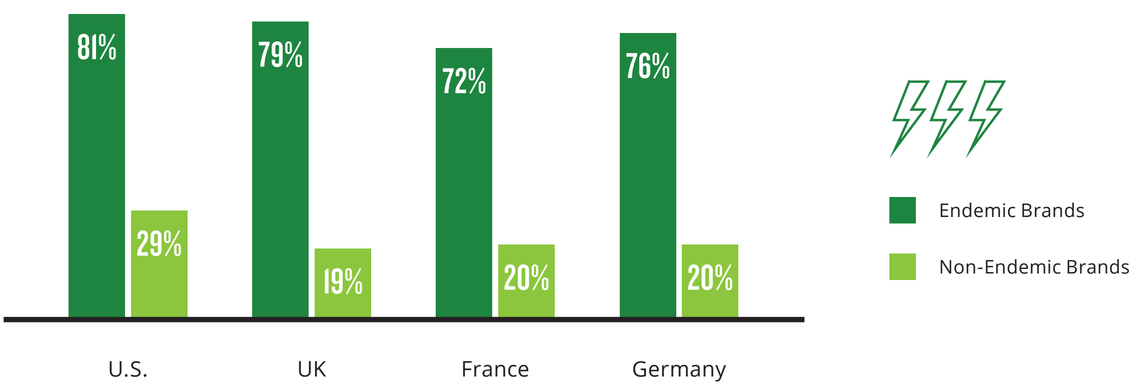
Liquor

Beer

ENDEMIC BRAND ACTIVITY

At a category level, the inherent bias toward gaming-related brands is clear, with 80-80% of esports fans describing their involvement as extremely or very appropriate. French esports fans feel a little less strongly on average, but their opinions are still favorable.

EXTREMELY/VERY APPROPRIATE



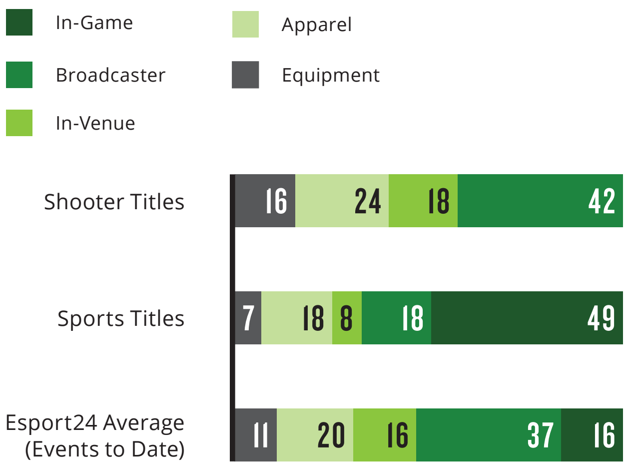
VALUING ESPORTS SPONSORSHIPS: NIELSEN ESPORT24

Nielsen's Esport24 is the global standard for sponsorship media valuation in esports competitions, providing valuations of broadcast/stream-visible assets combined with unparalleled access to Nielsen global, national and local television audience data.

In events tracked in Esport24 through Q2 2017, 42% of esports brand sponsors were non-endemic – however, these brands only accounted for 37% of the total sponsorship value tracked, indicating they on average are generating slightly less value than endemic sponsors. So far in 2017, energy drinks, fast food, headsets, PC tech, PC hardware, gaming PCs, gaming software, esports news and gaming chairs are the top categories represented in terms of brands tracked.

Sponsorship assets – and execution – within esports events can vary wildly based on the type of game being played. For example, in esports events for sports titles, half of tracked brand exposures in Esport24 were embedded within the game itself, a result of the way sponsor logos have been incorporated into sports games to ensure they are as authentic as possible. Brand exposure in shooter title broadcasts, meanwhile, comes primarily from the broadcaster, in the form of overlays and on-screen graphics.

BRAND EXPOSURE BREAKDOWN (IN %)



Source: Nielsen Esport24

Nielsen worked with RFRSH Entertainment to provide a holistic valuation detailing the value generated for Audi through its sponsorship of Team Astralis.

CASE STUDY

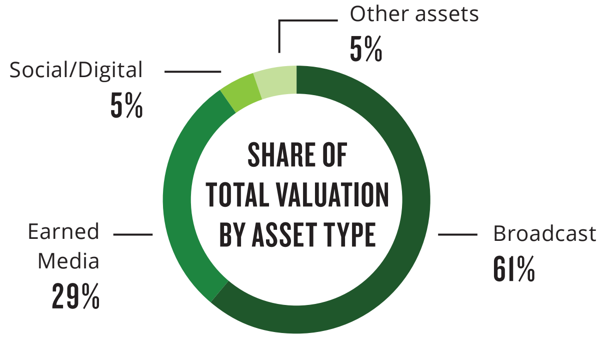
HOLISTIC SPONSORSHIP EVALUATION – RFRSH ENTERTAINMENT/AUDI

Esports marketing and media rights company RFRSH Entertainment approached Nielsen to help it understand the holistic value being delivered to Audi, after securing a groundbreaking partnership with the car manufacturer on behalf of professional Counter-Strike: Global Offensive team Astralis. RFRSH wanted to understand the holistic value being delivered to Audi to prove the effectiveness of their activation and support future sponsorship sales.

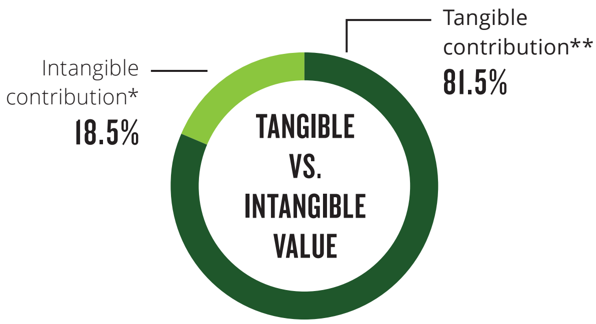
Nielsen worked closely with RFRSH to identify the assets and benefits being delivered to Audi, including owned and earned exposure globally. By applying its asset valuation methodology, Nielsen completed a holistic valuation detailing Audi's tangible and intangible value, and highlighted the key value drivers and opportunities to drive incremental value in the future.

RFRSH was able to demonstrate that Audi received media exposure valued at more than 10x its investment during the ELEAGUE Finals in January and February's DreamHack Las Vegas. This was driven primarily by live broadcast and mentions on digital and social media.

ELEAGUE accounted for **82% of the value** delivered by the broadcast due to higher viewership and Astralis' competitive performance – the team made it to the Grand Finals and won the championship.



Live broadcast (TV and streaming) was the primary driver of value for Audi, accounting for **over 60% of total value.**



*(value stemming from the association of brands)

**(value based on actual brand exposure)

4

Virtual reality and augmented reality look set to play a greater role in esports, as the technology develops and price point drops.

WHAT'S NEXT?

ESPORTS AND TV

As interest and investment in esports has bubbled up over the past few years, professional gaming has inevitably begun to be of interest to linear TV broadcasters. There have been a host of eye-catching deals for coverage of certain tournaments, with several broadcasters showing a willingness to at least dip their toes in the water.

NUMBER OF...

ORIGINAL AIR ESPORTS BROADCASTS (U.S.)
2016 (FULL YEAR)

23

(15 through August 13, 2016)

ORIGINAL AIR ESPORTS BROADCASTS (U.S.)
2017 (TO DATE)

31

(as of August 13, 2017)

DURATION

ORIGINAL AIR BROADCAST TIME
2016 (FULL YEAR)

53 HOURS, 43 MINUTES

(37 hours, 57 minutes through August 13, 2016)

ORIGINAL AIR BROADCAST TIME
2017 (TO DATE)

52 HOURS, 7 MINUTES

(as of August 13, 2017)

NUMBER OF ORIGINAL AIR ESPORTS TELECASTS/BROADCAST MINUTES 2017 (AS OF AUGUST 13, 2017)

Originator	Telecast count	Total duration
Disney XD	**13**	**1015 minutes**
TBS Network	7	1135 minutes
ESPN2	5	439 minutes
NFL Network	3	230 minutes
ESPNU	1	188 minutes
CW	1	60 minutes
ESPN	1	60 minutes

Source: National TV Toolbox, Ratings, Analysis, January 2016 – August 2017, (Household), Live+SD

Note: For the purposes of this analysis of the U.S. esports linear broadcast landscape, coverage of CBS's popular Candy Crush program has not been included on the basis that Candy Crush is a game that has been adapted to become a TV entertainment format, as opposed to a broadcast of a professional esports tournament. Even without Candy Crush, the number of original esports broadcasts in the U.S. up to mid-August had already exceeded the total for the whole of 2016.

THE THEORY

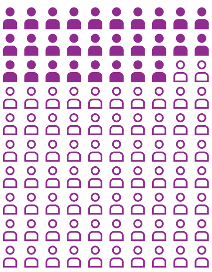
» ESPORTS WILL BECOME AN OLYMPIC SPORT«

Perhaps inevitably, as it grows in popularity, the prospect of esports one day forming part of the Olympic Games has been floated. That day may still be some way off – the lack of a single, recognized global governing body and governance structure would currently prevent esports joining the Olympic program – but April's decision by the Olympic Council of Asia (OCA) that esports will be part of the 2022 Asian Games looks to be a significant first step.

However, across the four markets surveyed, while 52% of esports fans consider it to be an actual sport, only 28% believe it should be an Olympic sport. While Tony Estanguet, the former canoeist-turned-IOC-member who has helped lead Paris 2024's Olympic bid, has recently spoken positively about esports' chances – "we have to look at it because we can't say, 'it's not us, it's not about the Olympics'", he told the Associated Press in August – there remain many uncertainties, not least how any Olympic esports competition would be structured and which games - or, in particular, genres - would be involved. The inclusion of esports would likely help the Olympics reach the new, younger demographic it desires; a more pertinent question might be whether esports needs Olympic status to help accelerate its development.

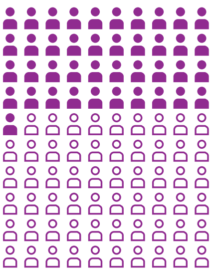
POSITIONING ESPORTS: WHAT THE FANS THINK

ACROSS MARKETS - U.S., UK, FRANCE, GERMANY



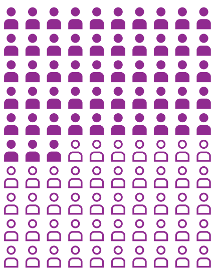
28%

OF ESPORTS FANS ACROSS THE 4 COUNTRIES THINK ESPORTS SHOULD BE AN OLYMPIC SPORT.



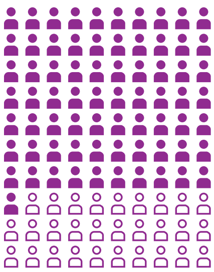
41%

THINK ESPORTS SHOULD BE A UNIVERSITY/ COLLEGIATE SPORT.



53%

CONSIDER ESPORTS TO BE AN ACTUAL SPORT.



71%

THINK ESPORTS WILL BECOME A MAINSTREAM ACTIVITY IN THE NEAR FUTURE.

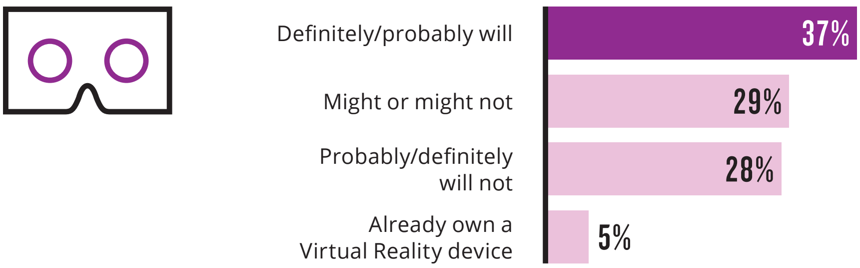
THE THEORY

»VR DEVICES WILL SOON TAKE ESPORTS TO A NEW LEVEL OF INTERACTIVITY«

Virtual reality is a hot topic within the games, sports and entertainment industries, with various companies developing and launching headsets and products over recent years. However, just 5% of esports fans already own such a device, with device price points continuing to be a barrier to entry. Views about how virtual reality can and will be integrated into esports remain divided, and the notion that VR is at a tipping point is underlined by the fact that 69% of esports fans across the four markets, when asked how likely they are to own a virtual reality device in the next 12 months, are undecided (probably will, might or might not, probably will not).

LIKELIHOOD OF OWNING A VR DEVICE NOW OR IN THE NEXT 12 MONTHS

ACROSS MARKETS - U.S., UK, FRANCE, GERMANY



Q AND A

ESTABLISHED SPORTS AND ESPORTS: MCLAREN'S 'WORLD'S FASTEST GAMER'

A host of sports leagues and teams around the world are sufficiently intrigued by esports and its potential audience to have invested and engaged in gaming-related activity over the past couple of years. Involvement ranges from football clubs signing esports players to represent them during competition, to league-wide initiatives like the launch of the NBA 2K eLeague. Featuring 17 of the 30 NBA teams, the league, which was announced in February, is the first official esports league operated by a U.S. professional league.

Elsewhere, soccer's world governing body FIFA has run its Interactive World Cup for many years while other rights holders, such as the Formula E electric motorsport series, have led the way in running eSports and gaming competitions in parallel with their regular events. There have also been investments in eSports teams from teams and owners across professional sports, such as New York Mets' Chief Operating Officer Jeff Wilpon's acquisition of one of the franchises for Activision Blizzard's Overwatch league.

The McLaren Formula One team, meanwhile, launched its search for the 'World's Fastest Gamer' in May, offering gamers the prize of becoming one of its official simulator drivers. The team's Executive Director, Zak Brown, explains more.

Why was it important for McLaren to move into esports – and to do so now?

Zak Brown ▶ This is a hugely exciting opportunity – not only within the gaming industry, but for everyone at McLaren and motorsport in general. We've long witnessed the growth of online sports gaming, and, right now, the parallels between the real and the virtual worlds have never been closer.

This is absolutely the right time to be creating such a unique and exciting proposition; one that connects the worlds of racing and gaming in a way that's never been explored before. I'm particularly proud that McLaren, alongside our partners Logitech, Sparco and GIVEMESPORT, have staked a claim as the very first sports and technology brand to venture into the diverse and fast-growing world of esports.

World's Fastest Gamer really aims to democratize the process of finding the best virtual racer out there. The contest isn't limited to one platform or one game; we're very keen not to restrict access or entry for people, but rather welcome the worldwide gaming community, whether that's on mobile or on high-end simulator platforms. And the winner will genuinely be a key part of our team at McLaren. This is for real: we absolutely require additional support across our two simulator platforms, so the competition and the selection process will be rigorous, ruthless and compelling to watch.

Could you explain a little about how the competition will work, and the prize?

Brown ▶ Think of it as a bit like the 'X Factor' for virtual racers. We're searching the world for the best, most committed and most capable racers, and we're looking for them across a number of different racing platforms, including Xbox, PC and mobile.

Once we've established our contenders, and we're announcing them periodically in the run-up to the main event, we'll be hosting a 'champion of champions' event at the McLaren Technology Centre, in Woking, Surrey.

The winner will be offered a one-year contract with McLaren to work in an official capacity as a simulator driver. They will work with engineers at the McLaren Technology Centre and at Grand Prix circuits across the world to develop and improve the machinery driven in the real world by the team's drivers, Fernando Alonso and Stoffel Vandoorne. We've currently got six international finalists who have been hand-picked by experts in both gaming and Formula 1 to join this year's competition. A further four finalists will be selected from qualifying events online during summer 2017. The grand finale, held at the McLaren Technology Centre in November, will put all 10 hopefuls through one of the most rigorous job interviews in the world. Not only will they race against each other across a variety of different gaming titles on different platforms, they will also need to demonstrate their engineering know-how, ability to work as part of a team, and display the mental and physical strengths required for such a unique position.

There won't be any scores, points or tables. The final decision of the McLaren management team will be based on the observations gained during the whole final event, supplemented by times and data gathered from each competitor. This is not a prize, it's a profession.

McLaren's 'World's Fastest Gamer' competition launched earlier this year.

What has the reaction been from fans of the team to news of the competition?

Brown ▶ Incredibly positive. I think Formula 1 fans, McLaren fans, they see it as something new in the sport. Sim racing has co-existed alongside motorsport for a very long time, but this is the first time there's really been a crossover with Formula 1, and I think people are really keen to see just what happens when the stakes are so high. We've been running World's Fastest Gamer branding on the side pods of our cars since the Monaco GP, and that's drawn a huge amount of exposure and interest on a global scale. I think people want to see exactly what's possible for a sim racer. Let's face it, we all think we're quick, and these games are a really tantalizing way of peering over the precipice and imagining just what might be if we could actually drive a Formula 1 car. This is the closest we've ever got to finding out - and I think that's what makes it such a compelling proposition.

Are there other areas of esports/gaming that you are exploring?

Brown ▶ Watch this space! I'd like to think that McLaren is at the vanguard of this particular area, and we'll watch how it grows and develops with interest. Obviously, the next step will be a move into AR and VR, but those aren't mature markets yet, so we'll observe how they grow and develop. But I think a move into the VR market is an obvious next step.

How will you be measuring the success of the competition, from a business standpoint?

Brown ▶ We already have a couple of key gaming partners onboard – Logitech G and Sparco, with additional support from GIVEMESPORT. This year is something of an exploratory year as we kickstart the brand and get it up and running, but, yes, we definitely see it as a unique, monetizable asset in our portfolio, and we only see it growing over the next couple of years. We want it to be a legitimate area of sponsor-partnership for a specific market sector – gaming is still something of an untapped market in Formula 1, and we want to not only explore it, but to also be seen at being positioned at the forefront.

We're incredibly keen to see World's Fastest Gamer become a success.

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 sub-set 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

METHODOLOGY

- **Proprietary online survey**
- **Sample per country:**
  N=1,000 esports fans ages 13–40
- **Countries surveyed:**
  U.S., UK, France & Germany
- **Upcoming countries (available Q4 2017):**
  Japan, China and South Korea

For more information on Nielsen Esports,
please contact: know@nielsen.com

ABOUT NIELSEN

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