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KEYS TO SUCCESS AND PROVING ROI

It's common knowledge the gaming industry has been growing for years. So, it's no surprise while other industries have struggled with challenges associated with COVID-19 over the past 24+ months, gaming has been able to accelerate and expand its growth. The "COVID Factor" has driven growth across the industry, including competitive esports, casual gaming and consumption of video game-related content.

U.S. consumers spent \$60.4B (Source: *A List Daily*¹) on video games in 2021, which topped both the music industry at \$15B (Source: *RIAA*²) and box office revenue at \$4.48B (Source: *Hollywood Reporter*³). Twitch, the most dominant platform for video game content, saw 44M U.S. viewers (Source: *Insider Intelligence*⁴) use the platform at least once per month last year, and is expected to gain 2M monthly viewers this year. For brands targeting gamers online, where 38% are between the ages of 18–34, and 72% are under the age of 44 (Source: *Statista*⁵), that consumer growth is a winning combination.

The viewing of esports, both live and prerecorded, has grown among U.S. esports fans with 87% viewing a live stream esports event over the past year. That's up 17 percentage points from 2019, and 83% saying they've watched a pre-recorded event, is up from 47% in 2019 (Source: *Nielsen*⁶). Monthly esports viewers are expected to top 29M in the U.S. in '22, and by year end, over half the U.S. population—179M (Source: *Insider Intelligence*⁴)—will be actively playing video games at least once a month. An important factor is that the future of the industry will likely be powered by mobile gaming, reducing consumer barriers for entry, and allowing for even more gamers and fans. According to Newzoo, in total, the mobile gaming market accounts for 52% of the global market. Both PC and console gaming saw a slight drop in numbers, with PC gaming revenue dropping by 0.8% and console gaming revenue by 6.6% in 2021 (Source: *Newzoo*⁷).

GAMING BECOMING POP-CULTURE

In addition to the industry's organic growth, the pop-culturalization of gaming has helped accelerate investment and revenue while also attracting the attention of sports and entertainment celebrities like Michael Jordan, Drake and DJ Marshmello. This has helped increase the coverage from traditional outlets like ESPN and partially contributed to the breakneck rise of Fortnite, Roblox and Call of Duty Warzone. Traditional athletes and celebrities see gaming as both a creative outlet and an opportunity to increase their brands. Their entrance into the industry has increased viewing and followers while positively impacting the social engagement on gaming specific streaming platforms, like Twitch and YouTube Gaming. Gaming organizations, like FaZe Clan, are leveraging this mainstream popularity by moving aggressively to partner with notable celebrities, such as Snoop (i.e., FaZe Snoop). They're also branching out into areas like merchandise, leveraging their imagery and trademarks from NBA and NFL teams. Not only will the gaming and esports industry continue to scale, but the convergence with other passions and verticals will further in the coming years.

One area of growth involves web3 and the metaverse, which are growing rapidly and contain synergies to the gaming audience and landscape. The \$2B investment that Epic Games (Fortnite, Unreal Engine, etc.) recently received from Sony and the Lego family all but confirms that the future of the gaming industry will live in the metaverse. While all the buzz now, the current opportunities are not right for every brand and it's important to exercise caution to minimize a negative experience for your brand and consumers.

While brands can rely on data to inform messaging, improve targeting and measure engagement, data alone won't help with consumer trust and engagement.

GAMING IS GROWING AND MY BRAND WANTS IN

Based on recent reports, brands spend an average of 15% of their marketing budgets on sponsorships (*Source: Nielsen⁶*), and many, if not all, face pressure to justify these large investments. This is particularly true when they're exploring opportunities that are innovative and they're less familiar with such engagements as fan connections, personalized game experiences, reimagined sponsorship assets and in-game branded assets. Gaming offers a

lot of customization, and brands have a lot to consider as they plan strategies and navigate the increase in gaming platforms and media channels where consumers engage. While brands can rely on data to inform messaging, improve targeting and measure engagement, data alone won't help with consumer trust and engagement.

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BUILDING BLOCKS OF A SUCCESSFUL GAMING PLAN:

DEVELOP YOUR TARGETED REACH AND EFFECTIVENESS

Like most aspects of brand marketing, the overall effectiveness of any gaming and esports program is evaluated by two primary areas: Reach and Effect. Reach, being defined by the number of consumers impacted or touched by a program, and Effect, outlining the changes (cognitive, attitudinal and behavioral) produced because of exposure to the program and its marketing elements. Beyond that high-level view, the foundation of a successful measurement plan is identifying the core areas (changes in attitudes and brand avidity) that provide an understanding of their content consumption and engagement. The basis for an effective measurement, or evaluation model, relies on identifying critical areas where a brand can successfully impact its target consumer.

IDENTIFY CRITICAL MEASUREMENT ELEMENTS

Measurement and Return on Investment (ROI) come next based on the size and scope. This includes investments of both financial and technology resources as well as social platforms for potential brands that enter the industry. Successful gaming and esports measurement plans are based upon several core areas, each of which need to be defined based on a brand's specific goals and objectives:

INCREASE BRAND RELEVANCE

The gaming and esports consumer is not only tech-savvy but also has an extremely low tolerance for brands tweaking their mainstream marketing tactics to appeal to gamers. Building brand relevance and affinity with this psychographic-demographic segment necessitates a brand communication plan and messaging that is customized to their lifestyle and communicates the brand's understanding of the marketplace. Brands entering this ecosystem must develop a natural and credible point of differentiation. One of the reasons that more brands have not capitalized on this growth opportunity is the lack of relevant messaging strategy, including appropriate utilization of game specific imagery and lexicon. This point of difference can be identified and delivered through a natural and credible point of differentiation.

IMPROVE BRAND IMPACT

Relevance will deliver user acquisition, but maintaining that relevance is equally critical in improving brand affinity. Developing a plan with measurable tactics is where brands can improve their impact and build customer lifetime value, thus maximizing their investments. Proprietary surveys that measure levels of consumer and fan engagement with various brand tactics allow for critical evaluation of partnership and sponsorships opportunities. While endemic brands may find co-branded opportunities with professional teams and receive positive brand impact results, other less intuitive categories must identify the appropriate marketing and sponsorship activations to secure an impactful space in this ecosystem that impacts the esports community.

INCREASE BRAND INTEGRATION

As the gaming and esports industry continues to mature, more opportunities for brands to authentically reach millennials and GenZ, and find revenue growth have surfaced. As you read this article, publishers are partnering with brands to meet their mutual business objectives and collectively grow engaged and active communities around their titles and brands. The challenge is to understand the target consumers' recall of the brand within the partnership and how the association impacted their perception.

BUILD BRAND ENGAGEMENT

Competitions and viewers of gaming and esports easily outweigh the volume of actual esports competitors. Properly targeted and engaged, these two groups could allow a brand to monetize their investment. It's critical to understand whether the target knows how and why the brand is part of their landscape, and whether that involvement enhances their experience and their motivation to like or buy. After identifying the brand involvement, research can indicate if the target is willing to act—such as liking or following via social media, posting or sharing social content, and ultimately, purchasing the brand.

POWER UP WITH SOME GAMING AND ESPORTS TIPS

1

KEEP UP WITH TECHNOLOGY

The gaming industry and its technology move at a very fluid and fast speed. Gaming verbiage and industry technology that is relevant today may not be impactful tomorrow and could negatively impact the brand and business, so it's very important to keep up with both trends. Using the latest equipment, playing the game and understanding the messaging may help your team and program identify opportunities.

2

FOLLOW THE FANDOM

While the industry and its technology move at a rapid pace, so do the key players and the consumer's interest. Monitor the industry to understand the opportunities and value proposition between the current trends and the established platforms. Just be sure to catch that trend before the consumer has moved on.

3

PUT YOURSELF IN YOUR FANS' AND PLAYERS' SHOES

Be able to see your marketing communications from the viewpoint of your target consumer. Get real feedback from the consumer, even if it's not a structured focus group or study. Your consumer might not react to your brand's messaging and imagery the same way you do.

4

UNDERTAND YOUR PLATFORM AND YOUR AUDIENCE

This is a bit like the previous tip, but on a more general level. Each gaming platform—PC, Console and Mobile—has different strengths and each platform's audience has different expectations. For example, games for mobile platforms are expected to be played in short bursts instead of hour-long sessions, so mobile gamers expect their games and programs to be shorter in length. Something like this example is important for developing successful plans that deliver for brands and their target consumer.

5

BUILD A TEAM

Unless you're a one-man army, the most successful plans are developed utilizing an integrated marketing approach. Integrating departments such as PR, Media and Sales will result in a more impactful program. Integrating other teams is also an easy way to receive internal feedback.

**LET'S GET IN
THE GAME
TOGETHER.**

Contact us to learn more about
opportunities for marketers in the
gaming and esports industry.

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