GMR





# MARKETING

START WITH THE CONSUMER The numbers are incredible—esports has experienced double digit growth for several years and boasts a global community of 148 million enthusiasts. Players make seven-figure salaries and are celebrated like rock stars. Tournaments play in sold-out arenas with tens of thousands of fans. You can even go to college on an esports scholarship.

Esports is a revolution that's helped evolve the modern definition of "sports."

Yet even the most experienced strategic marketers have questions about the appropriate approach to esports—how to impact and derive value from the gaming ecosystem.

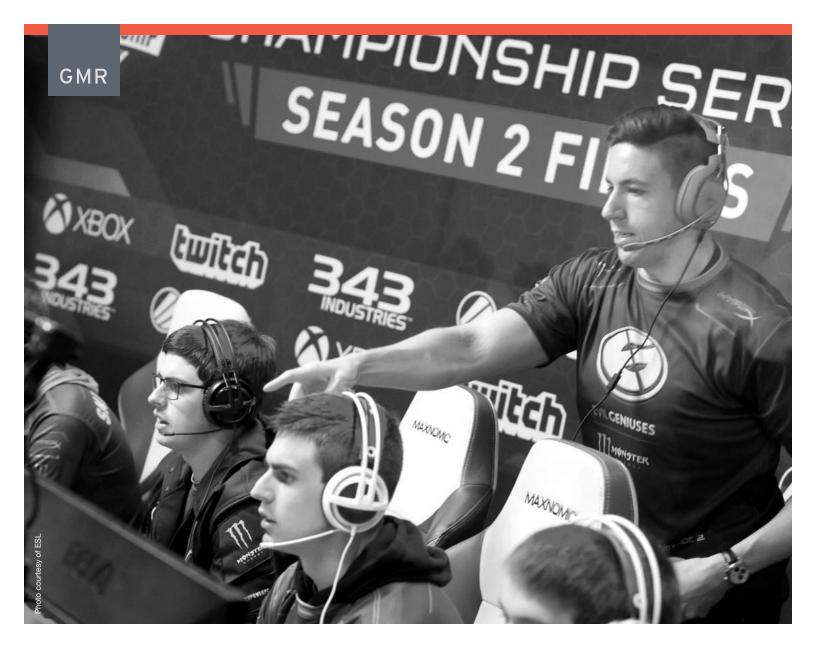
Through new proprietary research<sup>1</sup> and 15+ years of gaming experience, GMR has answers to these challenges. We also have insights and recommendations for brands considering esports marketing, partnerships and sponsorship initiatives.

#### **Esports Industry Background**

Esports' explosion in popularity has been fueled over the past few years by a combination of consumer trends: the rapid growth of streaming video, the rise of cord cutting/OTT, and millennials' declining interest in traditional sports<sup>2</sup>—not to mention the appeal of seven-figure event prize pools. As a result, esports continues to attract a young, high-income audience that appeals to advertisers and content creators alike.

- Methodology: During Q3 2016, GMR Research launched an online survey to a panel of 800 esports enthusiasts evenly split across the US and the UK. To qualify for this survey, respondents had to either watch or play in esports competitions, and consume on average no less than 5 hours of esports content every week.
- 2. WSJ, May, 2014





Some have questioned whether esports is a fad that won't catch on with a traditional mainstream audience, or will fade away in a few years. We believe esports has a stable, long-term future as a robust segment of the sports and entertainment industry. It offers access to a desirable consumer and tremendous integration potential as a platform for effective brand marketing experiences.

To truly reach and resonate with esports consumers, it's important to understand who they are and how to best engage them.

Industry information tends to focus on esports' massive viewership—the numbers associated with marquee tournaments and events. Research companies like SuperData and Newzoo have covered esports for years, and recently larger firms like Nielsen, PWC and Deloitte have also released studies on the size and scale of the industry.

But this view overlooks the many ways in which the sport has integrated itself into the daily lives of millions worldwide. Knowing the raw numbers of viewers and participants is not enough.

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What drives the esports fan? What devices and social platforms do they prefer? What are their other lifestyle interests?

#### The Right Brand Involvement

To understand how esports fans feel about brands' presence in gaming, GMR asked esports enthusiasts (those who play, watch, or do both) about their openness to brand involvement within the industry. Fortunately for brands, esports fans are receptive to brand presence in their sport, even agreeing that it could positively impact purchasing decisions.

A substantial majority (85%) of all surveyed esports enthusiasts were brand-positive, agreeing with one of the following statements:

43%

"I always appreciate when brands try to reach out to me through the gaming world. I might even be more likely to purchase from them in the future."

42%

"I usually appreciate when brands try to reach out to me through the gaming world, BUT it has to be done properly. Anything overly branded or corporate is a turn-off."

However, even with this openness to brands, gamers can still be wary of the wrong marketing. **42% are turned off by overly branded or corporate content.** 

This response underscores our belief that your brand's initial entry into the ecosystem is critical to how you'll be viewed in the hearts and minds of esports competitors and fans. Brands entering the industry need to take the time to fully understand it to get the first impression right.



#### Not All Gamers are Alike

For brands, identifying the right opportunities to connect authentically with esports fans can be a challenge. As our research supports, gaming is not a one-size-fits-all lifestyle activity. Just like fans of any other sport, gamers are not cookie cutter versions of one another.

Through our research, we identified three distinct groups of esports consumers—the **watchers**, the **players**, and those who do **both**. These groups have different opinions about brand involvement, which should directly influence brand strategies.

Players are the most receptive to brand involvement. 59% of players ALWAYS appreciate when brands try to reach out through the gaming world, compared to 33% among those who only watch.

To uncover which specific marketing tactics resonate best with players, we dug deeper into the idea of "brand involvement." Respondents were given a list of 24 marketing activities ranging from in-store displays and coupons to event marketing and sponsorships. We asked them to rate each on a scale of 1-5, based on how much each marketing activity would impact two things: their awareness of a brand, and their likeliness to purchase it.

Event marketing was one of the most impactful tactics for influencing purchase consideration. 71% of players (along with 51% of watchers) ranked event marketing as very effective (a ranking of 4 or 5).

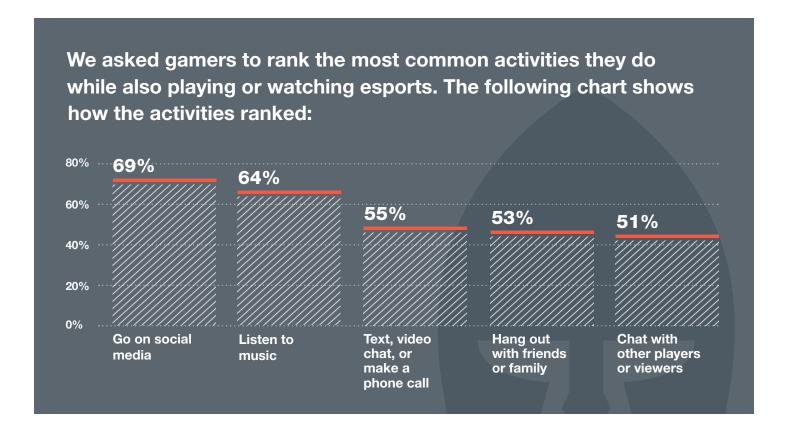
Other demographic variables—such as age and geography—also influence which marketing tactics are most likely to drive brand awareness and purchase consideration. For example, the coveted—and difficult to engage—18-to-24-year-old male ranks

**athlete and celebrity endorsements** as the number one most influential marketing activity for driving brand/product awareness, a tactic that falls to number 10 for gamers overall. As such, having a high profile professional gamer or gaming team endorse your brand is a viable marketing strategy if your brand's target consumer is the 18-24-year-old male.

The ability to identify and target specific segments of esports fans is critical to a brand's success. Brands should decide whether they want to focus their marketing efforts on the entire gaming community, or if they want to target a specific segment within the greater fan base. These targeting decisions directly impact the selection of the marketing tactics used to achieve sales goals.

#### **Understand How Online and Offline Lives Converge**

What do we know about esports consumers' activities and interests, aside from the games they play and watch? The answers to this question open up worlds of unique opportunities for brands to connect with esports consumers in original and authentic ways.



The esports consumer may be digitally driven and online 24/7/365, but they're still quite social. They're just more likely to take their social interactions into the digital and gaming worlds.

Based on our findings, brands should strongly consider how they facilitate online and offline social integration and experiences with the gaming community.

Thinking about the other activities gamers do while playing or watching esports offers opportunities for brands to forge connections, many of which may be a better fit for non-endemic brands.

#### Any Brand Can Be Successful

Similar to most mainstream sports marketing, brands do not need to be endemic to the gaming world in order to be received positively as advertisers or sponsoring partners. Respondents ranked non-endemic brands on par with more traditional esports brands as their top choices for industries that would fit well as potential partners or sponsors of esports.

## **Potential esports partners:**

1. Energy drinks (Redbull, Rockstar)

2. Electronics/hardware for gaming

3. Sports drinks
(Powerade, Gatorade, Vitamin Water)

4. Entertainment (Netflix, music downloading)

5. Athletic apparel
TIE Snack food/candy



Completely unaided, as an open-ended response, survey respondents were also asked to give us the names of their favorite brands. **Overall, 5 of the top 15 brands named were athletic apparel brands**. This could signal a significant opportunity for athletic brands to positively impact this target consumer fan base.

#### **Engage Authentically, Add Value**

Identifying the most effective and efficient approach for your brand starts with a thorough understanding of the esports consumer at the intersection of your brand's business and marketing imperatives.

You should know what activities gamers pair with esports, understand which marketing tactics resonate with your target demographic, and tailor your outreach to these insights. Each of these elements is crucial to uncovering and strategically leveraging the right touchpoints to connect your brand with esports consumers.

Esports fans are just as passionate and engaged as fans of more traditional sports—perhaps more so. Brands who take the time to better understand the esports fan and consumer, and tailor marketing activities to the channels and tactics that resonate most with specific demographics within the industry, will maximize their investment and position their brand for future success within the esports industry.



Contact GMR to connect with experts in gaming and join the esports revolution that is changing the sports marketing industry. We can help you understand—and target—many different types of players, watchers and fans.

For more than 15 years, GMR has worked with a broad range of top-tier clients to plan, manage and execute strategic gaming sponsorships across the Americas, Asia Pacific and Europe. Our formal esports practice was established in 2015.

#### Dave Rosenberg, Chief Strategic Officer

Based in San Francisco, Dave provides strategic leadership across the agency, leading cross-functional teams to build strategic brand programs based on business, marketing and consumer analysis. He has been involved in GMR's gaming initiatives from the 2001 introduction of Xbox to the 2015 launch of the agency's esports practice.

#### Matt Hill, SVP, Global Sports and Entertainment Consulting

Matt serves as a strategic resource in sports and entertainment to a number of GMR's global clients. A 15-year veteran of the sports marketing industry with extensive experience on the sports property side while at the NFL and MLS, Matt specializes in strategic consultation, sponsorship analysis/negotiation and plays a leadership role in our esports practice.

#### About GMR

GMR is an innovative global sponsorship and experiential leader, connecting brands and their consumers through shared passions. We change how people think, feel and behave through the power of experience. Experiences founded on data, rooted in insight, grounded in strategy, designed meticulously and executed flawlessly.

### Gaming experience matters.

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