

**sparks & honey** culture forecast

# The eSports User Manual

CONNECTING BRANDS WITH  
THE FASTEST GROWING  
SPORT IN THE WORLD

**eSports [ee-spohrts] *noun*:  
competitive video gaming as  
spectator sport**



# Table of Contents

The birth of a cultural phenomenon

All eyes, all the time:  
eSports and the culture of spectatorship

Meet the new medium: Broadcast bursts into eSports

Engaging the geography of passion

Brands, take it away





# The birth of a cultural phenomenon





## ACT 1

# The birth of a cultural phenomenon

In the year 2000, a South Korean TV channel (OGN) aired a video game called StarCraft. For 24 hours a day, seven days a week, anyone could tune in to watch the military science fiction-based strategy game where people built their own armies to demolish foreign forces.

At that moment, a new spectator sport was introduced to an audience unaware that eSports competitions had long been raging in hotel ballrooms, PC parlours, and across rudimentary internet streams.

Today, eSports has risen to the level of revolution. In 2014, 27 million viewers watched the League of Legends World Finals online (in 2015 that number rose to 36 million) and a 40,000 seat stadium in Korea was packed with fans there to witness the event in person. In the U.S., the ESL One tournament sold out the Madison Square Theater.

In case you've missed it, eSports is huge.

The skyrocketing growth of this video gaming subculture is thanks to the fervent passion of hundreds of millions of eSports fans around the world and the technology that allows them to consume, share and experience eSports online and at live events. From spectators to players, teams and leagues, this complex ecosystem is attracting a massive worldwide audience.

# We are at a turning point in the massive growth of eSports

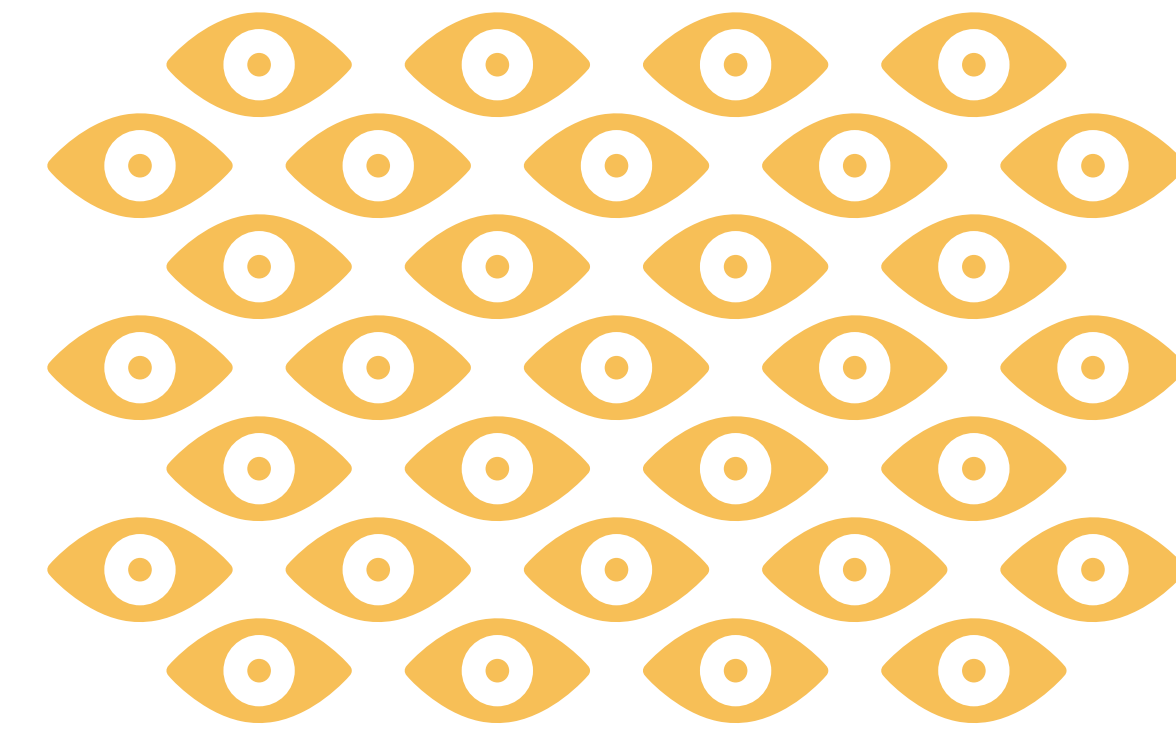


That includes some of the most discerning demographics: the young millennial male and the burgeoning audience of female fans and players.

We are at a turning point in the massive growth of eSports. Brands, creators and investors can still seize territory in the wild west of eSports, but they need to do it now. Most importantly, it has to be done in a way that resonates authentically with the eSports community.

The only question is: are you ready to be part of this cultural phenomenon?

To get you started, we've gathered expert insights and actions so you can take hold of this unprecedented expansion of a new global sport.



36M

UNIQUE VIEWERS OF THE  
2015 LEAGUE OF LEGENDS WORLD  
CHAMPIONSHIP, UP 33% FROM 2014

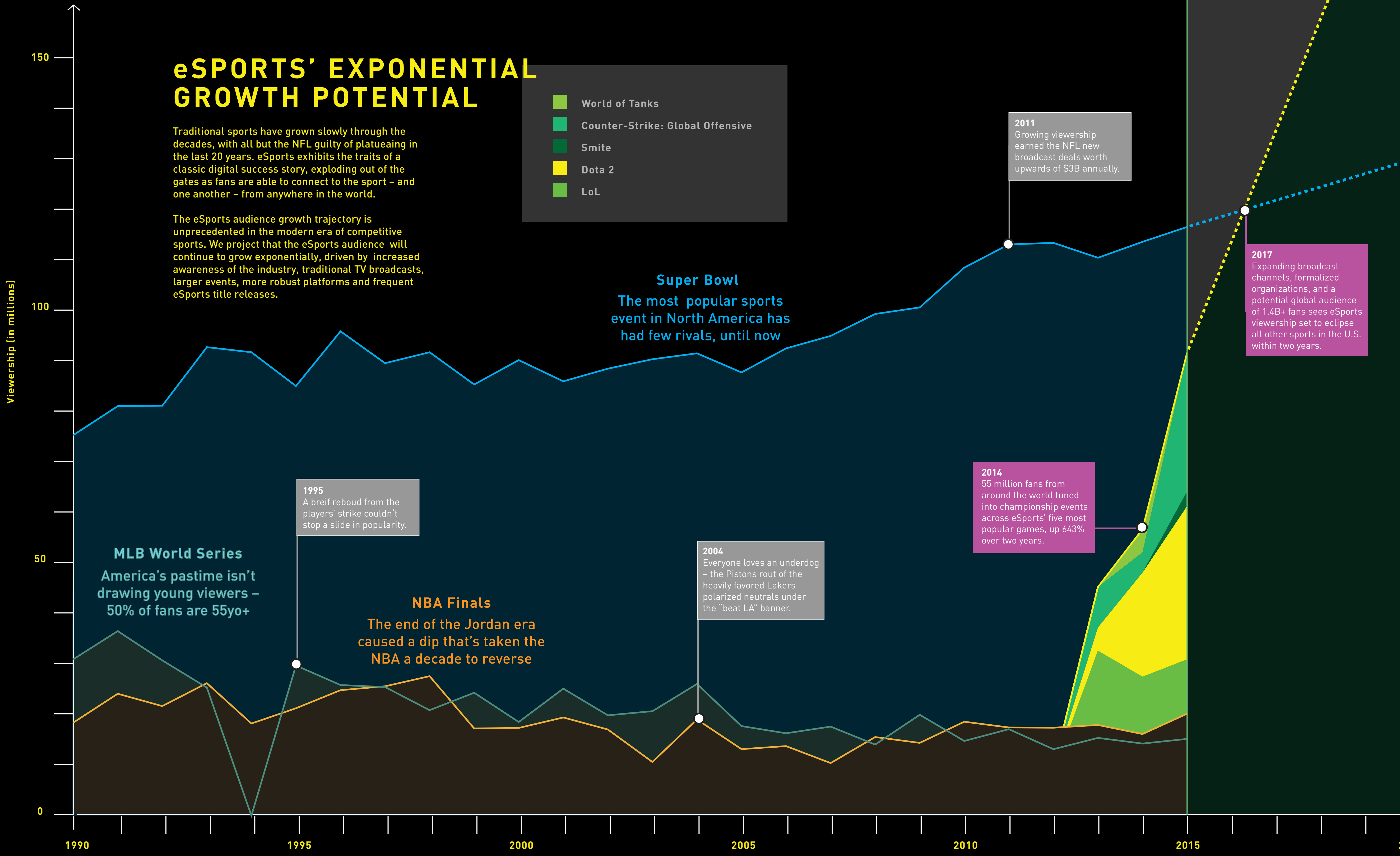
*(Lolesports 2015)*

# eSPORTS' EXPONENTIAL GROWTH POTENTIAL

Traditional sports have grown slowly through the decades, with all but the NFL guilty of plateauing in the last 20 years. eSports exhibits the traits of a classic digital success story, exploding out of the gates as fans are able to connect to the sport – and one another – from anywhere in the world.

The eSports audience growth trajectory is unprecedented in the modern era of competitive sports. We project that the eSports audience will continue to grow exponentially, driven by increased awareness of the industry, traditional TV broadcasts, larger events, more robust platforms and frequent eSports title releases.

- World of Tanks
- Counter-Strike: Global Offensive
- Smite
- Dota 2
- LoL



RECORDED ◀ ▶ PROJECTED

**2011**  
Growing viewership earned the NFL new broadcast deals worth upwards of \$3B annually.

**2017**  
Expanding broadcast channels, formalized organizations, and a potential global audience of 1.4B+ fans sees eSports viewership set to eclipse all other sports in the U.S. within two years.

**2014**  
55 million fans from around the world tuned into championship events across eSports' five most popular games, up 643% over two years.

**1995**  
A brief rebound from the players' strike couldn't stop a slide in popularity.

**2004**  
Everyone loves an underdog – the Pistons rout of the heavily favored Lakers polarized neutrals under the "beat LA" banner.

**MLB World Series**  
America's pastime isn't drawing young viewers – 50% of fans are 55yo+

**NBA Finals**  
The end of the Jordan era caused a dip that's taken the NBA a decade to reverse

**Super Bowl**  
The most popular sports event in North America has had few rivals, until now

This chart represents confirmed U.S. audience numbers for traditional sports set against verified online global eSports viewership. Data compiled from s&h, ESPN, Riot Games, Valve, Wargaming, Blizzard, Hi-Rez Studios, Newzoo and SuperData.



# EXPERT INSIGHTS



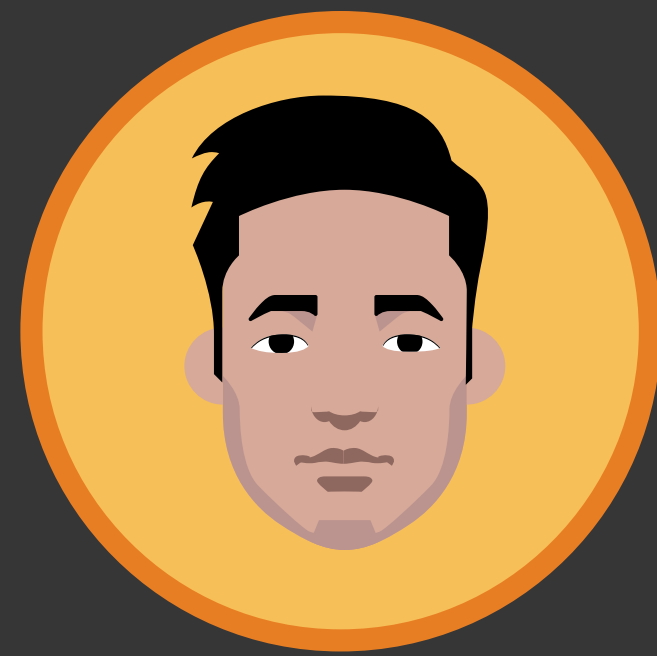
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VP, eSports & Events, Twitch



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Executive Vice President, ESL



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Director of eSports sales, Twitch



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Head of eSports, WME/IMG



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Managing Director, SK Gaming



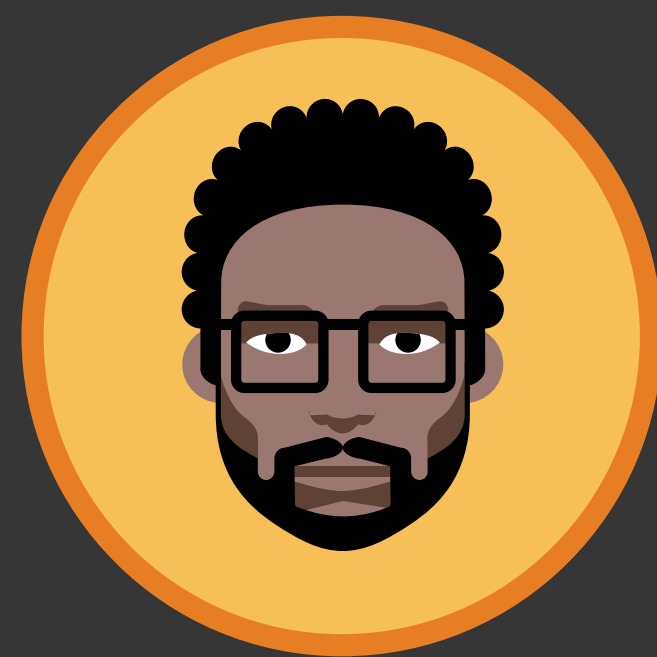
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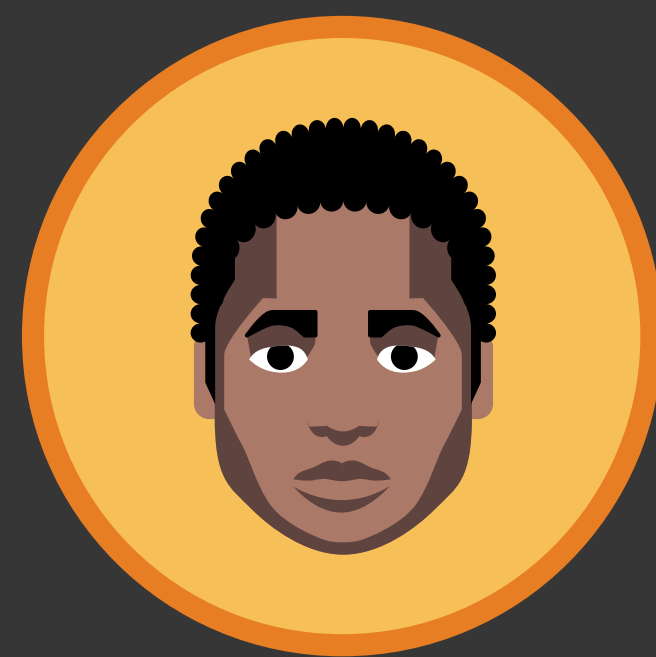
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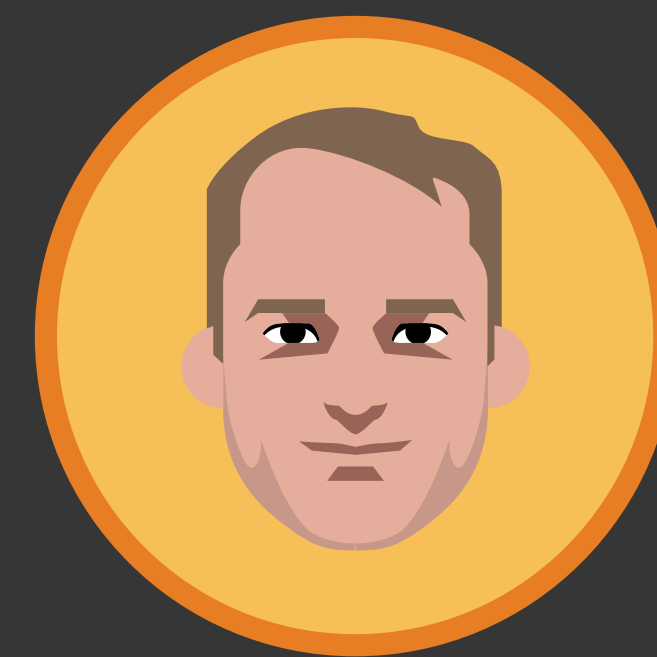
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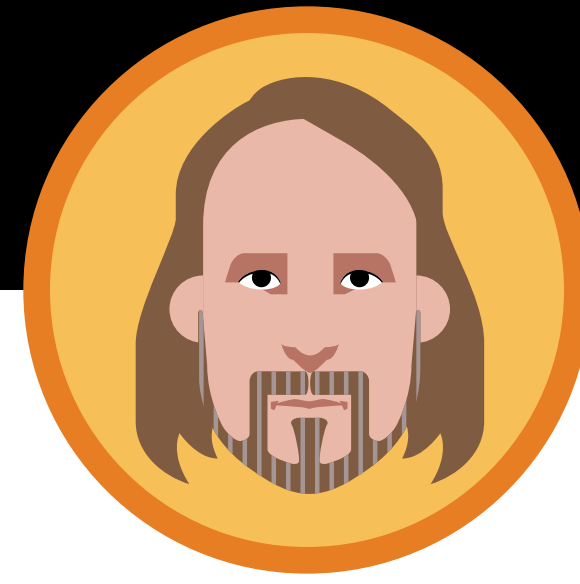




**IMARI OLIVER**

VP, Creative Strategy,  
sparks & honey

**“The eSports value chain provides unprecedented opportunities for brands to get involved, not only as sponsors but as partners, allowing brands to connect with fans and players in the most authentic way.”**



**EXPERT INSIGHT -  
ANDY SWANSON**

**VP of eSports and Events at Twitch,  
the world's leading video platform and  
community for gamers**

## **The great brand challenge**

There are over 500 eSports events happening globally throughout the year, which means more than one a day all over the world. It can be tough on brands trying to figure out if this a global audience or a local audience – where is their investment going and what structures are there to help facilitate them? Ultimately, brands know that all the folks in the audience, they wanted to be there. So they need to figure out how to start putting dollars into this in a natural way, and across different touch points.

## **What makes a game successful?**

I think the main thing that a game needs in order to be successful in eSports is a way in for the audience. There needs to be some sort of spectator mode that makes it interesting to watch from afar, and a mechanic that allows you to understand what's happening without actually playing it. Because it's a competitive sport, the game also has to be really, really balanced gameplay so that there is no unfair advantage for players. That's why the biggest games come from the established developers – indie devs may not



**ANDY SWANSON**

VP, eSports and Events, Twitch

**“We used to talk about print, online and TV, but now we’ve got this thing sitting in between online and TV called digital, where eSports lives.”**



have the time or the budgets to really hone in on the little things. But this is still a nascent industry, and there's always the possibility that an indie can get it right. I think Rocket League's a good example of an indie that might go the distance. I wouldn't be surprised if we saw a Rocket League league.

### **Digital, TV and Twitch**

There is interest from major television broadcasters and cable networks because the eyeballs are there, and that interest from channels like Turner Sports and ESPN helps validate the space. They can bring really high production value to the events. The question remains, what will eSports look like outside its natural environment?

We used to talk about print, online and TV, but now we've got this interesting thing sitting in between online and TV called digital, where eSports lives. Digital has become more and more respected because it's the way the



# 360 MILLION

HOURS OF LIVE COVERAGE VIEWED  
IN LOL WORLD CHAMPIONSHIPS 2015

millennial audience is consuming content – on their iPhones, iPads, via Roku, Netflix, etc. Digital has created a category that blurs what used to be shoved into online or TV.

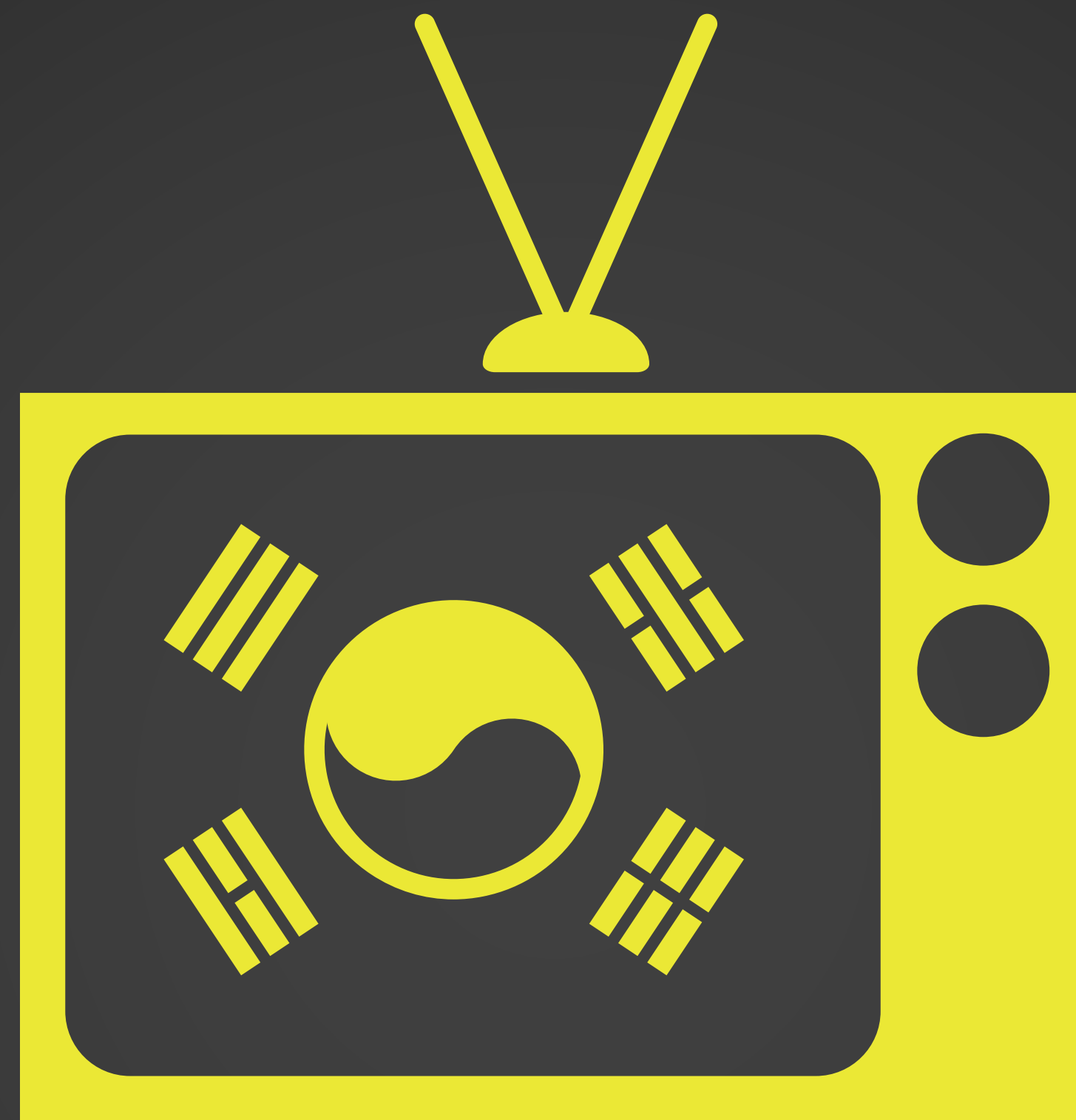
Twitch would have been bucketed as an online property when now it's a digital video property, And more and more consumers are going there, so more and more brands are going there.

The challenge will be that this audience is used



to being able to tune in wherever on whatever device anywhere in the world. They're used to interacting with players and spectators from all around the globe. And to now have to go to a channel on DirectTV at 9:00 on a Friday, and not having that constant live feed of chatter, changes the mechanics of the way these guys have been built to watch and interact with this content. I can't talk about interaction enough. Interaction is an intrinsic part of eSports. It's something I do myself on the channels and that Twitch fosters overall. The community element is such an important part that right now, I don't know how to replicate it other than just duplicating it, but if broadcast is going to crack it they'll need to find a way.

**The question remains, what will eSports look like outside its natural environment?**



**StarCraft, the first televised eSports game, hit Korean airwaves in 2000**







**EXPERT INSIGHT -  
CRAIG LEVINE**

**Executive Vice President at ESL  
North America, The World's Largest  
Independent eSports Company**

## **Back in the day**

Fifteen years ago, eSports was a lot of LAN (local area networks) party competitions. Players would literally haul CRT monitors and custom-built PC gaming rigs through airports, security checks and into overhead compartments. We'd assemble in these hotel ballrooms plugged into local network cables playing against each other.

Even back then there were big competitions for hundreds of thousands of dollars. There were rudimentary forms of viewership and spectatorship, and then as streaming became more prevalent, cloud computing came along

and hardware prices plummeted, self-publishing became a reality.

Before the cloud, before channels like Twitch, if lots of people watched our stream we would have to pay for all of the bandwidth and it would probably cost us more than we could make. Now the model is flipped. Once we had a scalable way to build a viewership and allow people to discover what we're doing, today we're filling out sports stadiums all around the world.

We're all incredibly proud of how far we've come, but we really believe we're at step three of a ten-step journey. As proud as we are of what



**CRAIG LEVINE**

Executive Vice President,  
ESL North America

**“No one is on their cell phone. Everyone in the crowd is immensely engaged and immersed in competition – a real deviation from what you see in traditional sports.”**



we've done I think we're even more excited for where we're going.

### **Local to global and back**

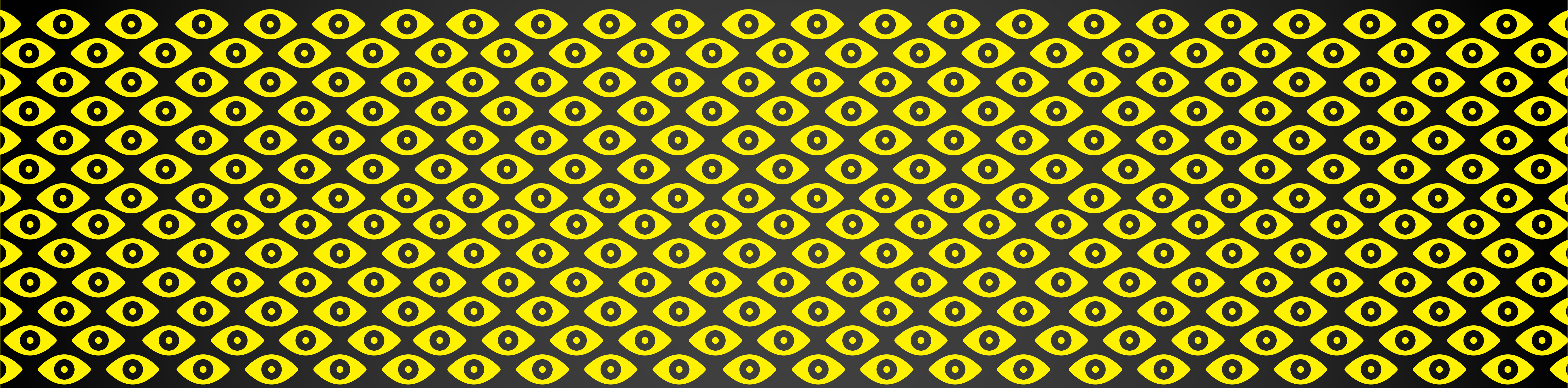
I think eSports is unique in that the competition starts online with the individual, which is what makes it so accessible. You don't need to find five or ten people on a basketball court to play games, but eSports is still all about community. It isn't this top-down movement. It's something that builds from the bottom up as games gain in popularity. You can go to your computer or your console, turn it on, hop online and get match-made with different people all over the world.

Maybe you perform well, maybe don't, maybe you get really interested and you sign up for a free-to-play online ESL tournament on a Sunday. You see how you do. You do well, and you move up to a regional competition. Maybe you get flown out to our studio to compete live.

**You don't need to find five or ten people on a basketball court to play, but eSports is still all about community.**

There's a progression that builds all the way up to these big stadium events, but it really all starts online with that one person. The next step of growth, the most important step to bring eSports to the next level, is that we focus on the fan experience. Our events are typically two days long, eight hours per day, and we are always trying to create a more engaging atmosphere





**1.4 billion: the potential global eSports audience**



**THE ESPORTS USER MANUAL**

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that celebrates the culture of gaming in eSports with a more festival-like environment.

### **The mesmerized spectator**

As we've invited traditional sports league executives and broadcasters into our events, the thing they've all been most surprised by is that none of the fans are on their mobile phones. The Monday Night Football crew came by and they were pulling at each other, saying, look, no one

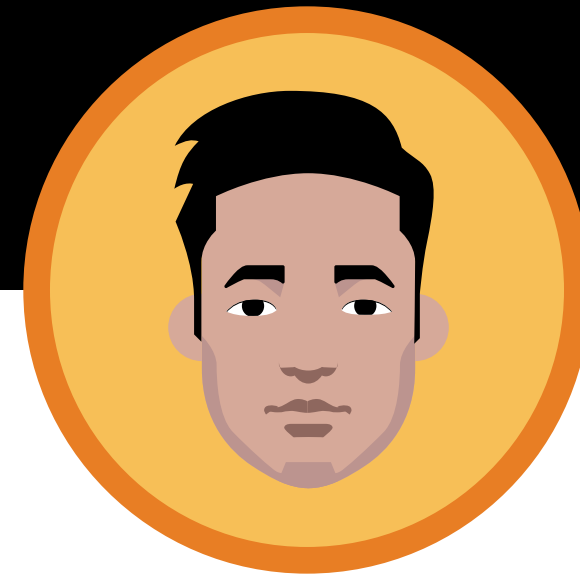


DURING NON-GAME HOURS, GAME  
STREAMERS TALK ABOUT THEIR  
PERSONAL LIVES IN CHAT ROOMS

is on their cell phone. Everyone in the crowd is immensely engaged and immersed in the competition. That is a real deviation from what you see in traditional sports.

After each of the matches the next team sets up as we're working through an 18-bracket over the course of a weekend, leaving 15-minute breaks, sort of your intermission periods when the fans get up from their seats. They get a hotdog, a beer, a spray-on tattoo, and they talk to friends who they've played with online but don't ever get to see in person. Or they're having cosplay competitions and checking out vendors. It's this great social experience for people to come together and just celebrate with others something they enjoy so much.





**EXPERT INSIGHT -  
EDWARD CHANG**

**VP of Business Development at Vulcun,  
an online fantasy league for eSports**

## **eSports, totally legit**

eSports is a huge buzzword right now, and the overall industry is growing at an exponential rate. And we all know how big the fantasy sports market is in the U.S. The latest report had about 57 million people over the age of 12 playing in the U.S. and Canada, so why not in eSports?

There are a few hurdles in terms of eSports getting mainstream recognition and becoming a “real sport.” But does that perception shift even matter? The fact of the matter is that the numbers are there, the viewership is there, the money is there and everyone is taking note.

You see people packing a stadium and going nuts for their favorite team. Fans are lining up for hours to get an autograph from players.

Many people suggest that eSports became big when players started making \$10,000 a month. What about people who are making a living from drafting players for fantasy teams? You see big winners on Vulcun, we had our first \$100,000 winner last summer. Since then there have been many more winners, all as part of fantasy eSports. When there’s a realness in terms of career possibilities or venture money coming in, all of these things come together and validate this ecosystem.



## Brands and fantasy eSports

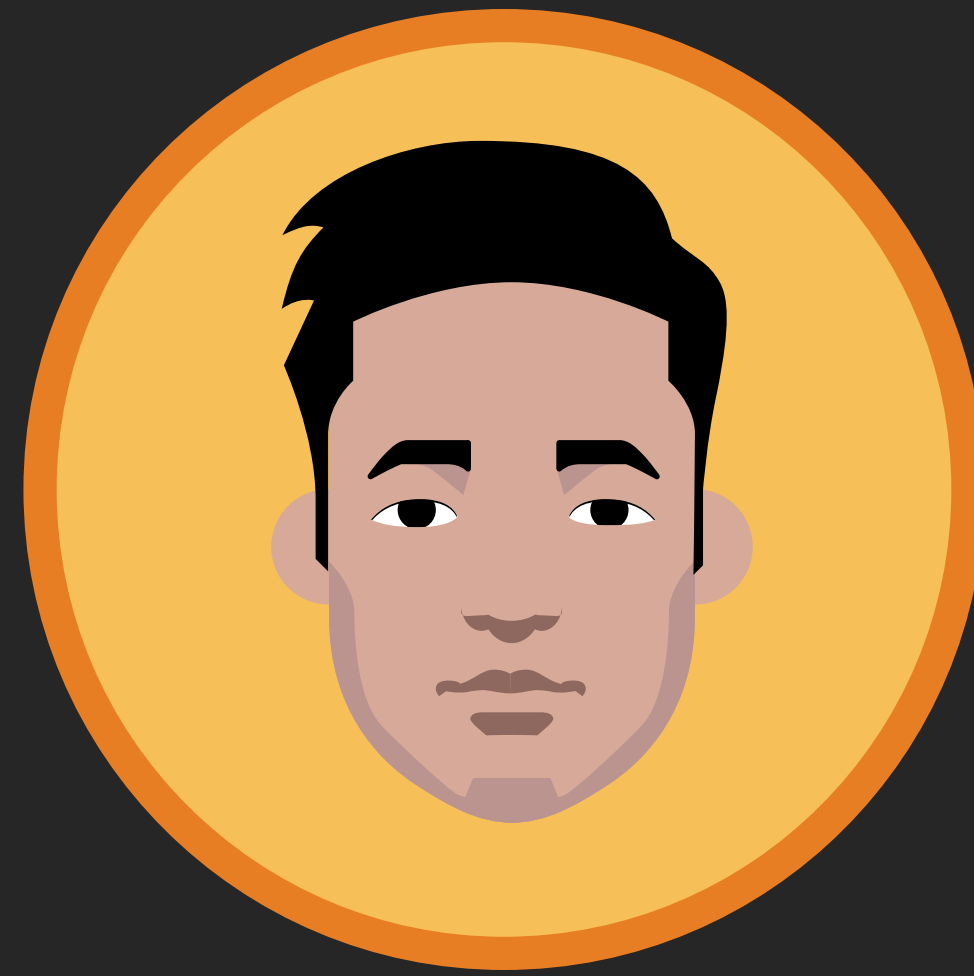
At Vulcun, we've explored many ways of working with brands, including giving out keyboards and headsets instead of cash prizes. It's a great promotion for the brand because they go on our newsletter to millions of hardcore eSports fans. They're a targeted demographic. They're tweeting and instagramming it, the spread is incredible. We've also experimented with on-air promos and sponsored stats breakdowns which work pretty well – the limit is our imagination.

We've seen some funny pitches over the years. One we get a lot is networks and vendors reaching out assuming we're traditional sports without actually looking at what we do. We'll see pitches saying for CBS Sports radio or signage at Gillette Stadium (where the Patriots play). We even had an agent for a rapper pitch us for placement in his client's video – he would go on our site during his music video

**A lot of networks and vendors reach out assuming that we're traditional sports without actually looking at what we do. They just knew we had a massive audience.**

while he's playing fantasy. They didn't know that we were eSports, they just knew we have a massive audience.





**EDWARD CHANG**

VP of Business Development, Vulcun

**“I believe we will see  
eSports as one of the top  
three sports in the world.”**

## eSports now and next

About a year ago we were wondering if eSports, specifically fantasy eSports, was really going to get bigger or fade away, and that seems like a crazy conversation sitting here now. We're only getting bigger, but it's important to remember that Spiderman mantra, "with great power comes great responsibility." As evaluations are going up for players, teams, transfer fees, and billionaires are coming in wanting to build brands, it's going to be a constant battle to make sure that we scale correctly. In many ways we are very mature with the technology, the platform and the distribution, but we also have a lot to figure out. It's a lot like the wild west, with the rise of player unions, player contracts, scoring validation, drug testing, on and on. All of these things are good for the scene because, again, it legitimizes us. It creates a stable playing field and lends a level of professionalism to what we are doing.

We need to take a measured approach to growing the sport, and as a result I believe we will see eSports as one of the top three sports in the world. We'll see parents encouraging their kids to turn pro, and we will see the first worldwide mainstream eSports celebrity, probably much sooner than we think.



***"THE NUMBERS ARE THERE,  
THE VIEWERSHIP IS THERE, THE  
MONEY IS THERE AND EVERYONE  
IS TAKING NOTE."***

# All eyes, all the time: eSports and the culture of spectatorship



## ACT 2

## All eyes, all the time: eSports and the culture of spectatorship

The unofficial ‘birth’ of eSports had everything to do with viewership, and the game, of course.

People had been playing StarCraft before it aired on Korean TV, but it was the audience that put the eSports into the game: the collective experience of viewing competitive video gaming. The spectator attraction is so powerful that 40% of eSports viewers do not play any of the top eSports games (Newzoo, 2015). And this is why eSports has become such a phenomenon. Feeding our innate curiosity of voyeurism, eSports is part of a new kind of dynamic entertainment that hinges on the active participation of the viewer.

### Spectator mode as a change force

Let’s look at the example of poker. Poker is now

one of the most watched live events on TV. Viewers can enjoy from any perspective, and you experience it from the players’ viewpoints, sharing in the knowledge that you know more than they do.

“The analogy we always use as Twitch is, ‘how did poker become such a phenomenon seven years ago?’” said Andy Swanson, vp of eSports and Events at Twitch at the eSports Brand Summit. “There was an audience and there was a tech that was invented called the pocket cam – and there was a place where it could be watched, TV.”

What poker did was crack the code of eSports, too. Video games were being played but what they needed were two things: spectator mode and a platform.



100,000,000,000

100 billion minutes of eSports content consumed on Twitch per month



Twitch is now one of the main eSports platforms for live-streaming video content. Founded in 2011, the platform today boasts 100 billion minutes of eSports content consumed every month, according to Swanson. The number one source of video consumption today, YouTube, has billions of hours of eSports and gaming content viewed per month. eSports games are heavily featured in YouTube's Top Ten All-Time Video Games: League of Legends, Call of Duty, Counter-Strike, and FIFA.

The appetite for consuming content as a spectator is bubbling up across various media. There's a show about watching people watch TV on Bravo, which could be called meta viewing. And while it's known as a gaming platform, Twitch also airs popular 80s icon Bob Ross' "The Joy of Painting" on their new channel Twitch Creative. In its first month, watching Bob paint happy little trees attracted 5.6 million unique viewers.



40%

OF ESPORTS FANS DON'T  
PLAY ESPORTS GAMES

Whether it's for calming meditative purposes, or championing your favorite eSports players, spectatorship is a mainstay and driving force of today's culture.

Next, we'll examine how this powerful spectator sport is forging a new space in eSports media, opening up new opportunities for viewers.

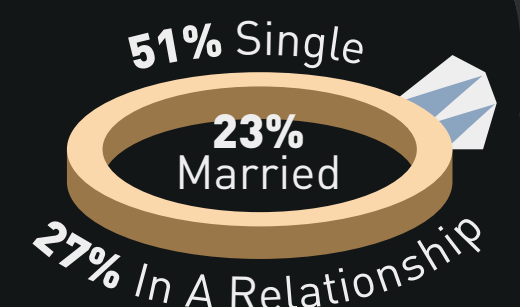


Preferred airline: **Southwest Airlines**  
 Preferred hotel chains: **Best Western**

North American eSports audience:  
**32 Million**

Traditional sports affinities  
**UFC & Soccer**

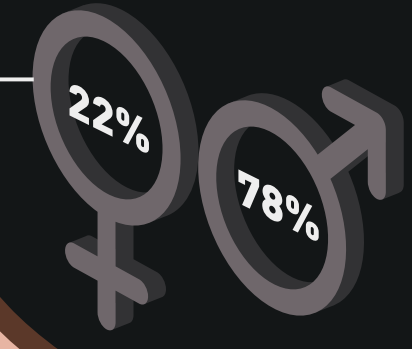
Average age



Household income



Audience gender



- 73% Finished college
- 19% Completed high school
- 8% Completed graduate school

Top service provider:  
**Verizon Wireless**

**\$58/mo**  
 Spent on peripherals

**80% watch online**  
 Including trailers, tutorials and events

Favorite snack & beverage:  
**Oreos & Coca-Cola**

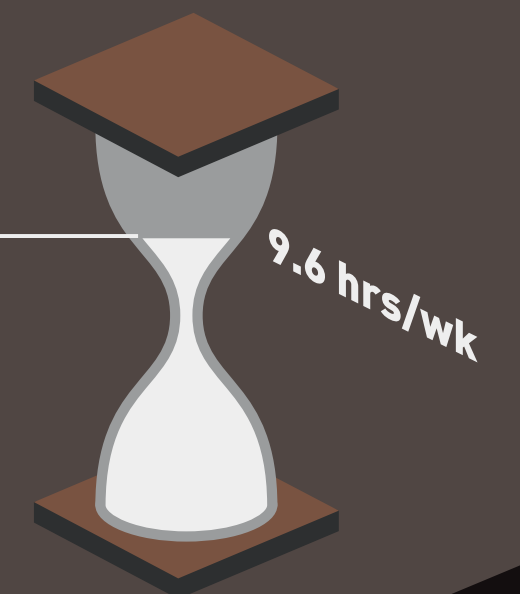
Attend **3 eSports events** per year

Favorite TV show:  
**Family Guy**

## eSPORTS PRIME USER

Who exactly is the eSports fan? Unsurprisingly, males aged 18-34 dominate the space, and their affinities and preferences are quite specific. Represented here is a breakdown of the typical eSports fan, describing who they are, where they play, how they connect and what they consume.

Average time spent watching eSports



**\$125/mo**  
 Spent on games

35% Play on PC

78% Play on gaming consoles

65% Play on mobile or tablet

10% Don't play video games at all



**EXPERT INSIGHT -  
TODD HARRIS**

**Co-Founder and Chief Operating Officer  
of Hi-Rez Studios, Developer of eSports  
Title, Smite: Battleground of the Gods**

## **The makings of a successful eSports game**

It's the pull from the community and not a push from the developer that makes eSports work. There are many cases of failed aspiring eSports games that went a little too strong out of the gate. Developers need to have a passion and competency for making a competitive game, a game that at its core is balanced and has a high skill curve, because you need a game where a novice player is recognizably different from an experienced player. If you have that skill curve, it keeps people playing for a long time, and it also

makes it interesting to watch because the novice player can appreciate the skilled player.

Then you put your toe in the water and see if the community feels the same way about it: Is there an appetite out there for people to play the game? When that happens, that's really when these partnerships can work with tournament organizers and broadcasters. That's when you want to look at prizing to support and incentive, whether that's through brand or developer involvement or crowd funding. But the appetite has to be there, or it's not going to work.

SMITE is one of the most popular eSports





**TODD HARRIS**

Co-Founder & COO, Hi-Rez Studios

**“We’ve had brands work with us on virtual content, and it doesn’t come across as an ad at all. It’s just something rare that one player gets to have and another desires.”**



games in the world right now. It's a mythology themed action MOBA, multiplayer online battle arena. Game developers have different DNA around what inspires them. Some are inspired by narrative or a good piece of art. In our studio it actually starts with the mechanics, with the raw rules of the game itself. With SMITE, we focused on strategy and teamwork, but it was also very important to us that player skill with aiming and evading, what's called twitch, would be an important factor.

There was really a gap in the marketplace for that type of game. So we set out to make a third-person action game that also has teamwork and strategy. It was actually a second consideration to go with the theme of mythology, and those two things together have worked well, because let's face it, people want to be a god.

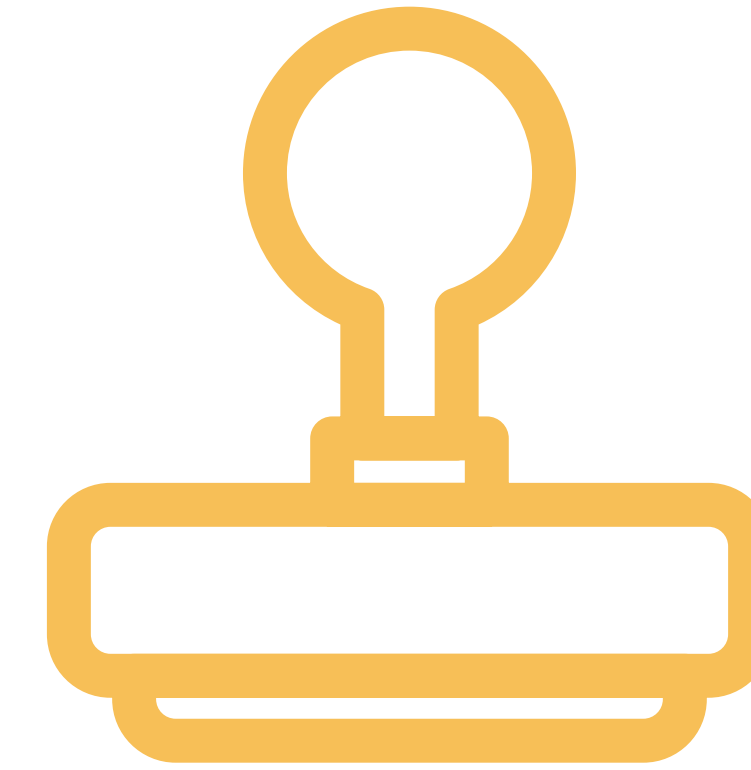
### **Narrative gameplay, flattening world**

SMITE isn't a single-player game so it's not mainly focused on progressing a story, but we

**Game developers have different DNA around what inspires them, a narrative or a piece of art. In our studio, it actually starts with the mechanics, the raw rules of the game itself.**

see a lot of players who are attracted to the game because they know some of the narrative associated with these gods and goddesses, and they have an opportunity to learn about more about something that's interesting to them. It makes SMITE feel local, but also global: Whether you're growing up in Atlanta, Georgia, learning the western gods, or you're growing up in China learning the Chinese deities of Sun Wukong and Guan Yu, you have a starter set and then something more foreign and obscure that you can discover.

We see players, particularly a lot of the younger players, that really become invested in learning more about these characters from literature, and, by way of that, a different culture that they haven't experienced. Because we have Mayan, we have Hindu, we have Chinese. It shows how the world is flattening, and SMITE is a little piece of that.



*“ANY BRAND INVOLVEMENT NEEDS TO COME ACROSS AS AUTHENTIC OR THE GAMERS ARE GOING TO TURN IT OFF.”*

### **Authentic branded virtual content**

The gaming audience tends to be cynical, they tend to want to be early adopters, part of the in-crowd, to be at the core and make it known to others. In that kind of space, any brand involvement needs to come across as authentic or the gamers are going to turn it off. That is the number one guidepost for brands wanting to engage with the gaming audience.

Our learnings are that the audience craves





exclusive virtual content. Our core game is free to play, and we make all of our money as a game developer through micro transactions, so players can put on a virtual costume that doesn't give them any more power at all, but they'll be able to peacock. They'll stand out and look different. We've had brands work with us on branded virtual content, and it doesn't come across as an ad at all. It's just something rare that one player gets to have and another desires, and it integrates the brand into the game world in a way that, to date, gamers have not balked at – as long it looks cool.

Virtual content does require the most integration with the publisher, but it's worth it. Brand presence at an event is probably the most common activation right now and it does have impact of course, but gaming is a digital lifestyle and there are a lot of integration points within the game and the broadcast that may be going unused. Everyone's playing the games online,

## **Virtual content does require the most integration with the publisher, but it's worth it.**

and so integrations into that digital space tend to have the easiest ROI.

Ultimately we're going to see more branded content within games because users crave it. There will definitely be a pull from the community and not a push. Valve's workshop is an interesting example that mixes the community and the virtual marketplace – they are looking at a way for users to create content and monetize it within their marketplace. Under that scheme, a person in his or her basement

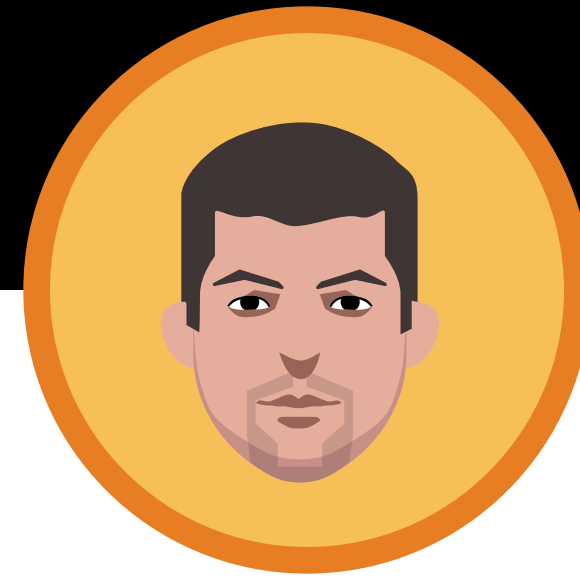




might create a really nice virtual hat and be able to sell it on the marketplace, and the process isn't being centrally controlled by the developer. It does require the developer to let up the reins a little bit on the control of assets, but when that happens you can see how brands could do a lot in that space.

## **7- to 14-year-olds practice video gaming in little leagues held in movie theaters**

*(The New York Times)*



**EXPERT INSIGHT -  
NATHAN LINDBERG**

**Director of eSports Sales at Twitch,  
the world's leading video platform and  
community for gamers**

## **Sports vs. eSports**

Are eSports a “real sport”? Let’s look at ESPN – they broadcast bass fishing, they broadcast NASCAR and they broadcast darts. You know, would you call those sports? I would.

Any game of skill where there’s a direct competition and an ability for someone to ascend to an elite status, I think qualifies as a sport. It’s very easy to dismiss something you’ve never done or never watched or never played. But with eSports, once you play a little bit (and that’s hundreds of millions of people and growing), you’ll start to see it in a new light. It’s also a truly global sport – that’s a really big

positive and not something that traditional sports are able to replicate, not least because global media rights are a minefield and are so important for traditional sports to control. eSports doesn’t have those restrictions.

Think about the fan experience, too. Riot Games had 17,000 people selling out Madison Square Garden at their last event. The Knicks can’t even sell out Madison Square Garden anymore. Then imagine half a million people in a chat on Twitch, watching live from all over the world, and they’re going crazy over big plays and sharing that passion with one another. If that’s not indicative of a sport, I don’t know what is.



**NATHAN LINDBERG**

Director of eSports Sales, Twitch

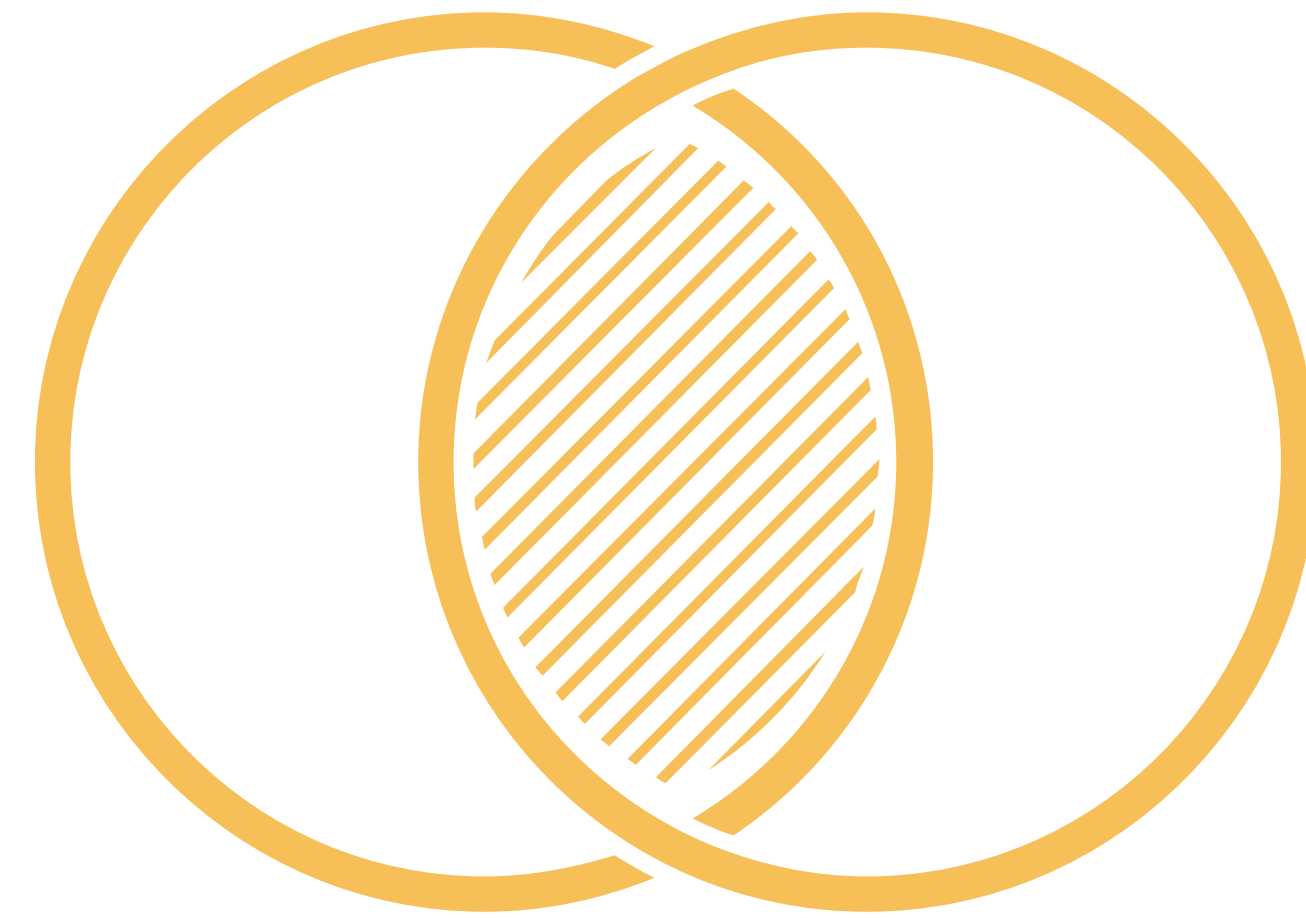
**“Riot Games had 17,000 people sell out Madison Square Garden at their last event. The Knicks can’t even sell out Madison Square Garden anymore.”**



## Be a friend, be authentic

Authenticity is a buzzword in the industry right now, and it makes brands worried because they think it means working for decades to partner with the community. But it just means finding common ground and speaking to someone as if they are your friend. I see brands immediately become overwhelmed when they're approaching eSports, 'I've got 85 people, 17 teams, four independent leagues, and three publishers to talk to, and Twitch!'

The question for us is, how can we consolidate the eSports industry to help make it easier for brands? When you go to the NFL, you get the NFL. When you go to NASCAR you get NASCAR. In eSports you don't have that yet. eSports will hit its true peak and its true maturity is when consolidation happens and the opportunity for brands to work with one partner to get a broadcast package and one ecosystem sponsorship will make that big difference. As an



*“AUTHENTICITY MEANS FINDING COMMON GROUND AND SPEAKING TO SOMEONE AS IF THEY ARE YOUR FRIEND.”*

authentic voice and a place where we listen and talk to our community every day, we're working to make sure Twitch plays a leading role in that transition.



EXPERT INSIGHT -  
**TOBIAS SHERMAN**

Head of eSports at WME/IMG, a  
global sports and talent agency

## Fans for life

Brands are extremely excited about coming into the eSports space, but even though everyone wants to make a move, few of them are really sure how. Brands are very familiar with TV but aren't as comfortable with digital, especially with the global level of interaction in eSports. Now that eSports is moving into the broadcast space we'll see more brands trying to dig in.

Moving onto television was almost inevitable. We see what the kids are watching now. They come home. They tune into Minecraft right away – it's their after school show. All the young

people are already watching and consuming gaming or eSports from such a young age, and it's been happening for years and now across generations. We're seeing fathers and sons watching eSports events together, strengthening those bonds and building traditions like we've seen happen through televised sports for so many years. Kids are now watching gaming as a form of entertainment. They're not just playing them. They want to be entertained by them. To remain relevant, broadcasters are going to have to put the eSports that people want to watch on their networks.



**TOBIAS SHERMAN**

Head of eSports, WME/IMG

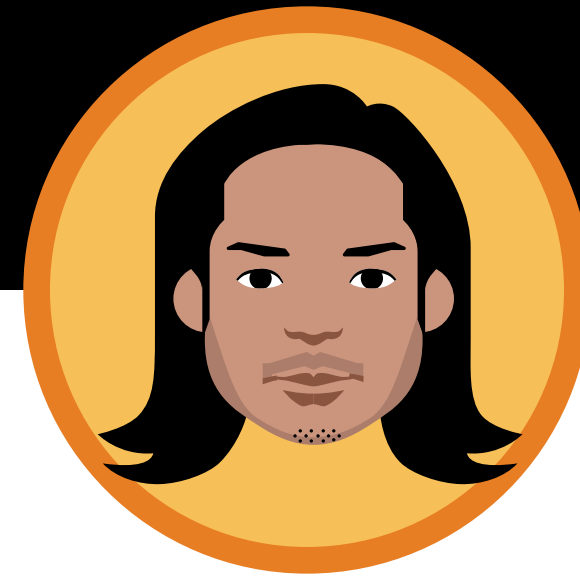
**“My message to brands is this: get into eSports today because it will be more expensive tomorrow.”**



Let's not forget that not every fan of baseball or football has actually played the game. But they found something in it, in the competition that they love. That's the key really, the competition. When fans get together with like-minded people, it creates this vibe that, even if you're not an eSports fan yet, you're going to feel it.



*“KIDS ARE WATCHING GAMING AS A FORM OF ENTERTAINMENT. THEY’RE NOT JUST PLAYING GAMES.”*



**EXPERT INSIGHT –  
JOSE LINCUNA**

**Founder of Ward eSports, a social  
platform connecting the global  
eSports community**

### **eSports needs high-fives**

If you take the number of people online playing and watching eSports versus the people that go to events, you'll see that eSports is almost entirely online. That's no surprise. But it takes you away from meeting new people and sharing moments together in real life. When you do something amazing or extreme online you don't want to just hear over a microphone and headset 'good job', you want a high five!

You see that excitement in stadiums and theatres, but we need to bring that element to eSports, so that communities can really connect

with one another. It's taking the original concept of gamers getting together at the first events, and tapping back into that passion. Gamers want to meet up and play, they want to hold their own tournaments – like the minor leagues, like recreational leagues for other sports. But there's no way to find or organize these things easily right now.

For eSports to grow, we need that system top to bottom, and yeah, a brand can be a part of that.

# Meet the new medium: Broadcast bursts into eSports





**ACT 3**

## Meet the new medium: Broadcast bursts into eSports

The truly global fandom of eSports has been fueled by the tech engine behind eSports: its digital platforms. The likes of Twitch, YouTube and Mobcrush drive fan excitement by providing the vital component of eSports – live engagement. Digital is the portal to players' online chatter and building community. It's also a learning tool. With it, players can hone their own skills by watching the fine-tuned abilities of pro gamers. Whether they're playing or just watching, these are people connected by a passion for eSports, wherever they are.

In North America alone, there's an audience of 32 million eSports fans for the taking (SuperData, 2015). Then there's the rest of the world: 134 million fans and growing (Superdata, 2015). Looking for new engagement

opportunities with this audience, broadcasters have seized the momentum to attract as many eSports fans as possible to experience the games they love, but on larger screens. Where there is an audience, there is a way.

### **Carving out new spaces for eSports**

And they're using old spaces in new ways to create new eSports communities. In Canada, the country's largest chain of movie theaters, Cineplex Entertainment, purchased a large stake in video gaming platform WorldGaming. This fusion of entertainment and space means thousands of locals will be able to view tournaments on the big screen. The company is also investing in building its own eSports league that will play across Canada in Cineplex locations.



**32 million eSports fans in North America alone**



**THE ESPORTS USER MANUAL**

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CINEPLEX INVESTED  
\$15M INTO ESPORTS

## Broadcast and the challenge of live engagement

Beyond movie theaters, traditional media companies have awoken to the potential and are edging their way into the eSports arena. Sports channel ESPN2 is airing Heroes of the Storm and broadcasting giant Turner recently announced a new Counter-Strike: Global Offensive league in partnership with WME/IMG. The game is set to air every Friday night on TBS. The move and its weekly evening

scheduling is targeting an audience disinterested with traditional sports that would otherwise occupy the slots, and even suggests a shifting attention from high school football games to eSports tournament play. eSports could be the next Friday night lights.

## And what does this all mean for eSports?

Broadcasters activating eSports is a sign of the explosive growth of a sport on the cusp of the mainstream. According to a conservative estimate by Newzoo, eSports revenue will double to \$465 million by 2017, and it could “easily” hit the 1 billion dollar mark, using traditional sports as a reference. The potential is there. For brands, seeing mainstream channels they’re working with already could ease their entry into an as-yet unfamiliar, but exciting space. Broadcast is the brand balm of eSports.

And it’s paving the way for a new marriage

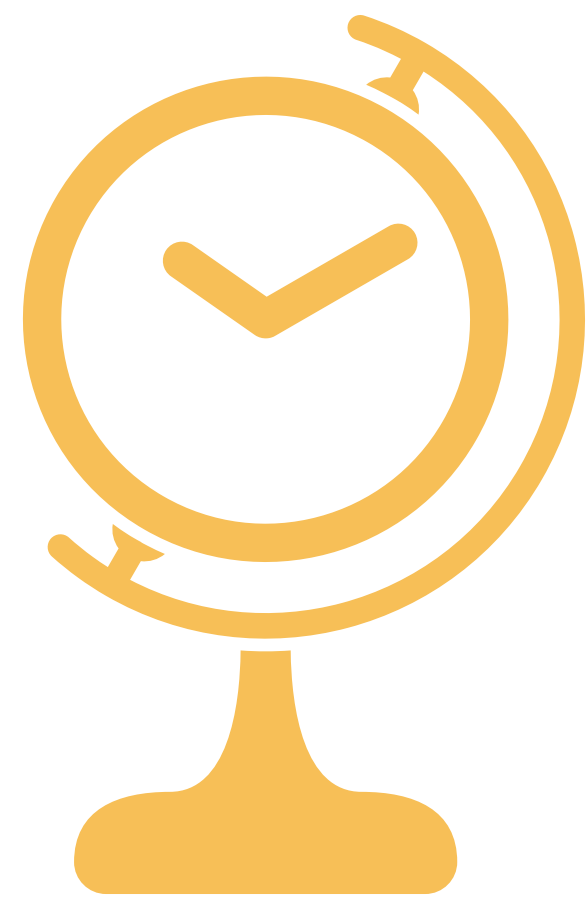




**eSports revenue is expected to reach \$465 million by 2017**



between online and its more traditional older media brother, broadcast. Between the two is eSports, nestled in digital where content and community can be consumed across space and time. This burgeoning channel, however, will have to keep up with the engagement eSports fans and players expect in their arena.



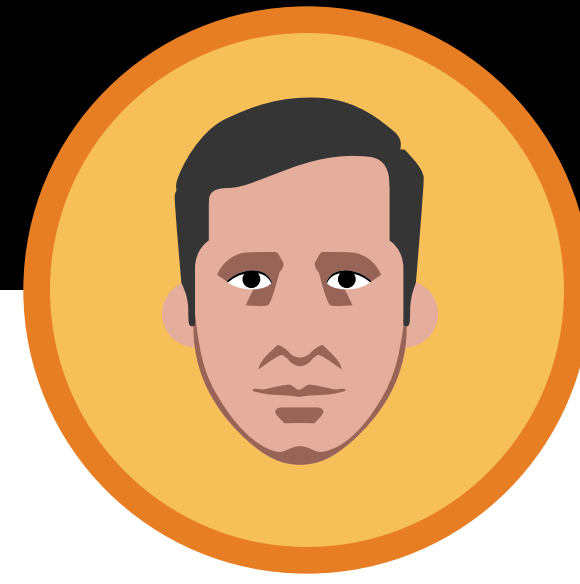
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ESTIMATED HOURS SPENT  
WATCHING ESPORTS GLOBALLY  
BY 2018

*(Statista)*

“Broadcasters coming in is a validation of what we’ve been doing for many, many years,” said Andy Swanson, vp of eSports at Twitch. “And broadcast could potentially bring really high production value to things,” he added. Broadcasters, in turn, will have to adapt to the very specific mindset of eSports audiences. This includes reaching them with engaging content that’s frictionless and free to be consumed in the way fans are used to.

“Their challenge will be with this audience that’s used to tuning in on any device, anywhere in the world. And to now have to go to Channel 247 on DirectTV at 9:00 pm on a Friday changes the mechanics of the way these guys have been built to watch eSports content,” Andy Swanson said.



**EXPERT INSIGHT -  
ALEXANDER MÜLLER**

**Managing Director of SK Gaming, one of the earliest and most established eSports organizations in the world**

## **Tell a really good story**

One of the most important things in involving brand partners with teams, leagues and events is getting them to understand that they have to go along with the storytelling that's natural to the eSports community. It's the eSports community that decides what's cool and what's not, otherwise it would all collapse. You can try to push the community in one direction sometimes, but generally you can't just come in and try to work against the tide. That's a recipe for failure.

Listen, listen, listen. That's what a brand needs to engage authentically with the community. And then, identify, identify, identify. Then,

enhance. That's what a brand has to do from our perspective.

They have to listen to us and do their research. What is SK Gaming? It's not only a team. We have a history, a legacy they should know about. If you don't, ask us. We will talk to you about it. After that, identify points that could work with your product and tell us about it.

Once a brand starts identifying and talking to us, we can come back with solutions. As in, yes, that's a good angle, but what if we twist it this way, then it's a great angle. Then the community will love it. It's always fun to see how brands, in the beginning of the process, are shy about bringing in their own ideas. But once we crack





**ALEXANDER MÜLLER**  
Managing Director, SK Gaming

**“We will see professional athletes in eSports at the highest levels of celebrity and they will have fans all over the globe.”**

them, they are full of ideas and they'll say, 'Okay, this turned out to be a great product at the end of the day.'

At the same time, players and broadcasters – all these stars of eSports – have to understand how to adjust to brands. Brands want the high impact positive engagement that's possible because of the accelerated growth happening in the industry, and all of eSports will have to adapt to this new branded environment.

What that means, for instance, is that the script those players might normally have in front of the camera – in a tournament of wherever – will change slightly. It will become more professional. There will be an expectation that players act and deliver lines like traditional professional athletes. You can expect to see the same thing soon in eSports.

As team owners we try to explain and educate our players and help them understand what's



*“IT'S THE ESPORTS COMMUNITY THAT DECIDES WHAT'S COOL AND WHAT'S NOT, OTHERWISE IT WOULD ALL COLLAPSE.”*

necessary for their paychecks every month. In the future, we'll have professionals taking over such roles and media training will be a regular part of players' practice routines. You will see professional athletes in eSports at the highest levels of celebrity and they will have fans all around the globe.



**EXPERT INSIGHT -**  
**BRETT LAUTENBACH**  
eSports Agent at WME/IMG,  
a global sports and talent agency

## Get your eSports education

We're at a watershed moment with eSports. The viewership is growing exponentially. A broadcast sports behemoth that's been around forever like Turner is entering the space. Articles about eSports fandom have been above the fold on The New York Times. These are indicators that this is your time to strike.

It's a new space, and my job is definitely different than that of a traditional sports agent. Yes, I'm interacting with my teams and team owners on a daily basis, and also the players on those teams. But I'm also going out to brands and educating brands on the space. So my first call with any major brand is just education. I

want to help them understand what's going on in eSports. From there I can help them target based on what their identity is in a space that's going to work and resonate with eSports fans.

The lights really turn on for brands when they walk into an arena or even some of the smaller studio events and they see all of these people so enthusiastic. There's no difference to being there or at a football event. They realize that the fans are so passionate and the space is still so undefined, just being there is going to give them a ton of equity. Those brands can be the trendsetters, the first movers, the trusted and the influential.





**BRETT LAUTENBACH**

eSports Agent, WME/IMG

**“Once you get past the raw passion and the massive numbers, you have to understand that this whole ecosystem runs on one thing: the players.”**



## Demographics of eSports fandom

Brands are definitely interested in a specific demo. It's very fortunate that that demo happens to be the core eSports user, the 18- to 34-year-old male. We're talking about people who are college educated, have a disposable income. They're getting married later. They're buying houses later so they have money to throw around. They're traveling to these events; 75 percent of eSports fans travel to three events a year. Brands love that type of consumer, because they advocate for their passions, they're telling their friends, "I just bought this keyboard or I switched over to Comcast or I'm drinking RedBull."

## An ecosystem that thrives on players

As brands enter the space, the first thing they see is the events selling out World Cup stadiums, Madison Square Garden and convention centers.

**The lights really turn on for brands when they walk into an arena or even a smaller event and see all of these people so full of enthusiasm.**

But once you get past the raw passion and the massive numbers, you have to understand that this whole ecosystem runs on one thing: the players. Without these guys, this whole thing

doesn't exist. There are only so many players who have the personalities, the drive, and can compete at a level so high that everyone wants to watch them.

Players sometimes get pushed to the side when we talk about the number of viewers that are watching these events on Twitch or YouTube, or the mass amounts of fans at the gates buying tickets for events. But the affinity for these talented players and these team brands is exactly like the dedication traditional sports fans have for their home teams. These are fans for life. They're going to be Cloud9 or TSM for life, the same way you're a Yankees fan or a Cowboys fan for life. And to get in with those team brands and work with players now, there's huge equity because they're not taking on a ton of non-endemic sponsors yet – but they're going to be, you can count on it.

As we always say, the point of entry price today is so much lower than it's going to be a year from now.



*“FANS ARE GOING TO BE CLOUD9 OR TSM FOR LIFE, THE SAME WAY YOU’RE A YANKEES FAN OR A COWBOYS FAN FOR LIFE.”*



# Engaging the geography of passion



THE ESPORTS USER MANUAL

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## ACT 4

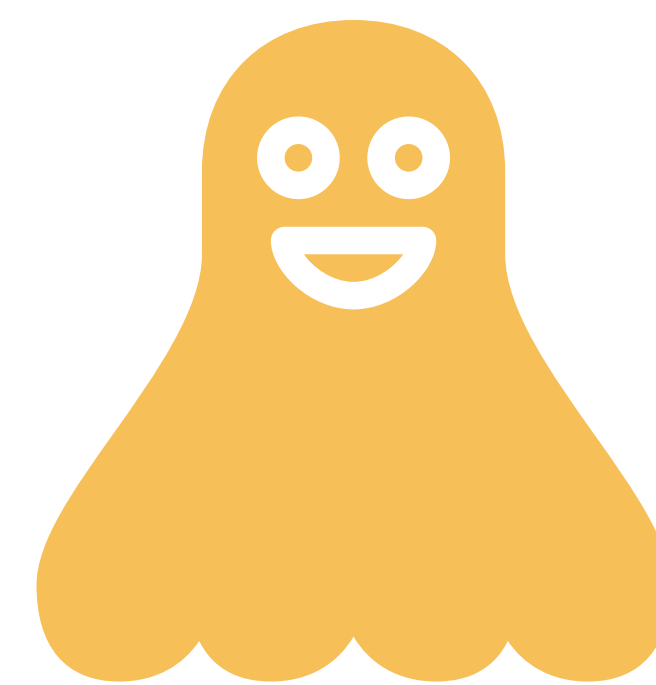
## Engaging the geography of passion

eSports fans are incredibly passionate about competitive gaming, and they extend that enthusiasm to online platforms, where they socialize in chat rooms and on networks like Twitch. Their passion is truly borderless, as the eSports community spans the globe from Asia to North America and beyond with 134 million eSports fans – and growing.

They will spend hours every day playing or watching eSports games, and attending venues for live events and tournaments. At the same time, eSports fans (in the U.S.) are focused on their digital activities: more than 80% watch game trailers, instructional videos and streamed game play online (Nielsen, 2015). eSports is a vital part of any day of the week in their world. Or as one (female) player put it, “Some people go to a bar after work and drink, I go

home and play,” said Angelina Montanez at the eSports Brand Summit.

While fans from around the world are driven by a singular passion to eSports, the eSports demographic can be a notoriously tough nut for a brand to crack. But there is an entry, as long as your brand has genuine intentions and can talk in terms they know and understand.



DO YOU KNOW WHAT  
'GANK' MEANS?



**You don't need to be 6'2 and 220 to be an eSports player**







## From casual gamer to athlete: the eSports appeal

The majority of eSports audience fits into one demographic: 18- to 34-year-old males, which includes 57% of eSports fans in the U.S. While estimates vary, roughly 75 to 80 percent of the eSports audience are men and they are ten times more likely to be male than people who just play video games. While women are rapidly ascending in the gaming ranks, they're still on the sidelines of eSports – but not for long. So, it's still a male dominated game.

Regardless of where or who they are, one thing eSports fans do have in common is the aspirational element of fandom. Playing eSports is an athletic pursuit requiring intense, strategic thinking, focus and endurance in real time with fine motor skills. eSports players train 10 to 12 hours a day, and many give their everything to the pursuit of gaming. The hours

## Some people go to a bar after work and drink, I go home and play.

of sacrifice are returned when fans scream their names and millions watch them compete to be the best in the world in tournament play.

When fans see their favorite players, like UniVeRse or Jaedong, win tournaments with skill, acumen and the roar of the eSports community, they think, 'Hey, this is a guy just like me.' Suddenly, feeling like an athlete is within reach. As eSports agent Brett Lautenbach of WME/IMG said, "You don't need to be 6'2" and 220 pounds to be an eSports player."



**75 to 80% of the eSports audience is male**



And for women, still on the fringe of the eSports world, there's been an uptick in female casters (who dish out insight, humor, and excitement for spectators) and eSports players, who offer strong role models in the arena. For now, only two of the top 200 grossing eSports players are women: Starcraft 2 players Sascha "Scarlett" Hostyn and Tammy Tang, and Dota 2's PMS Asterisk\*.

Oh you're a girl: combating stereotypes in eSports

As eSports has burst onto the scene so quickly, it's still in its infancy in many ways, but by the same virtue, full of opportunity. With women on the edges of eSports, they're a rapidly increasing audience for brands as avid fans, spectators, and next, as players. In two short years, the audience of women in eSports has doubled, from 15% in 2013 to 30% in 2014 (Newzoo).



***"IF YOU DON'T KNOW THE LINGO, ASK. YOU HAVE TO SPEAK THE LANGUAGE OF THE PLAYERS TO UNDERSTAND THEM."***

*-Angelina Montanez*

While female fans have been drawn into the games and are fueling fan fire with their elaborate cosplay, the entry point for female gamers is still narrow in this largely male dominated space. Players can assume anonymity in eSports communities behind their handles, but only for so long.

"Once the other players hear me on the mic, it's like, oh, you're a girl? You can't play. Women have to prove that they have the skills





**Only two of the top 200 grossing eSports players are women**



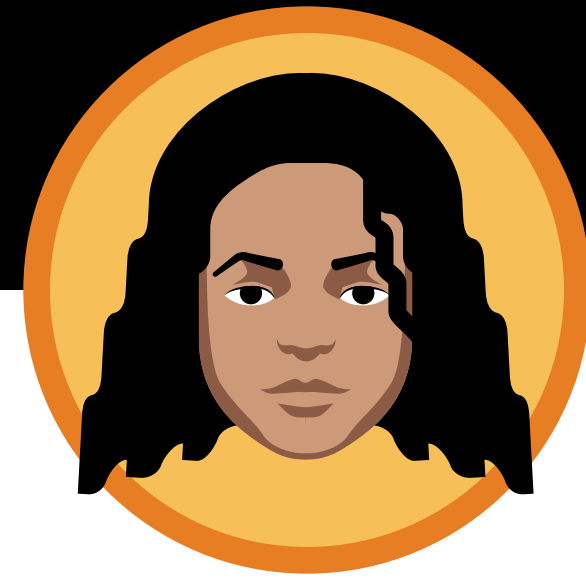
to compete,” said Angelina Montanez, eSports player and writer. The competition bar is set high, so what happens if a female player crumbles? “By the end of the match you’re being called a n00b, or you’re being blocked. They don’t want anything to do with you,” Angelina said.

But the industry sees potential in women as fierce competitors. French eSports company Oxent (together with Riot Games), have started an all-female League of Legends tournament with \$25,000 in prize money (Fortune, 2015). The tournament received applications from teams across 12 countries around the world, and selected the best eight to compete. And the competitive spirit of women in Esports is only set to grow. In League of Legends alone, there are an estimated seven million female players around the world.



## MALE GAMERS WHO HARASS FEMALE GAMERS TEND TO PERFORM POORLY IN COMPETITIONS

*(PLOS One study)*



**EXPERT INSIGHT -**  
**ANGELINA MONTANEZ**  
aka RedSoul, gaming editor and  
eSports writer for Tech We Like, tech  
news and reviews for women

## Home is where the community is

The eSports community is pretty sheltered. They can be a little bit put off by new brands coming in. You have to remember that there was a time when we in eSports were told, oh you're a fad and a phase. Nobody wanted to give us a chance. Now that people do, we're a little bit hesitant about who comes into the eSports space and we want to make sure that the brands that do come in actually support everything we've gone through. If you don't understand players, then you're not going to be able to push them to where they want to be.

The reason some brands can come in and some can't depends on their approach. Say, Red Bull.

During Evo (the Evolution Championship Series, which includes Street Fighter and Super Smash Bros.) Red Bull came up to one of the main streamers for a street fighter tournament and said, 'We don't know much about the fighting game community, so help us on some knowledge and how we can approach your community, and we'll go from there.' That's how brands should go about it.

If you don't know the lingo, ask. Because you do have to speak the language of the players to understand them. Gamers, we don't call each other by our names. We are our handles. Take my tag name (RedSoul), you don't know that I'm female. And gamers have a different





**ANGELINA MONTANEZ**

Gaming Editor & eSports Writer,  
Tech We Like

**“Oh, you’re a girl? You can’t play. Women have to prove that they have the skills to compete.”**

vocabulary. So, you have to know what ‘n00b’ or ‘gank’ means in a game. For instance, gank means, ‘okay, well we’re going to hone in on this player and all of us are going to come from different sides and we’re going to take him.’

When you speak to these players you want them to understand that you know what they’re going through on a daily basis. They play ten hours a day on a keyboard and mouse. Eventually their hands are going to give up. Players want you, as brands, to see their dedication. As soon as they see that you actually care enough about it they’ll start trusting you and opening up. eSports is their livelihood at this point. If they feel like you have a hidden agenda and you’re just coming in quickly to get a few bucks and back out, they don’t want that. This is now. Some players have dropped out of school. Many of them will tell you, ‘I didn’t graduate, I dropped out, this is it for me.’ This is their career.



*“OH YOU DON’T KNOW HOW TO PLAY,  
WE’RE JUST GOING TO LEAVE YOU  
OVER THERE TO DIE.”*

If you’re going to connect with the eSports players and audience authentically, you actually have to want to be a part of the eSports community. You want to see it grow. And you want to be able to look back one day and say, ‘you know, I helped eSports get to this level, or I helped this team become world championships.’ That’s what you want to feel.

And if you give them that – they will go all out for you.



## Oh you're a girl, you can't play

Females have to prove that they have the skills to play. If you don't, by the end of the match you're being called a n00b or they're reporting you and you're being blocked. But once you show them you can play, they will leave you alone.

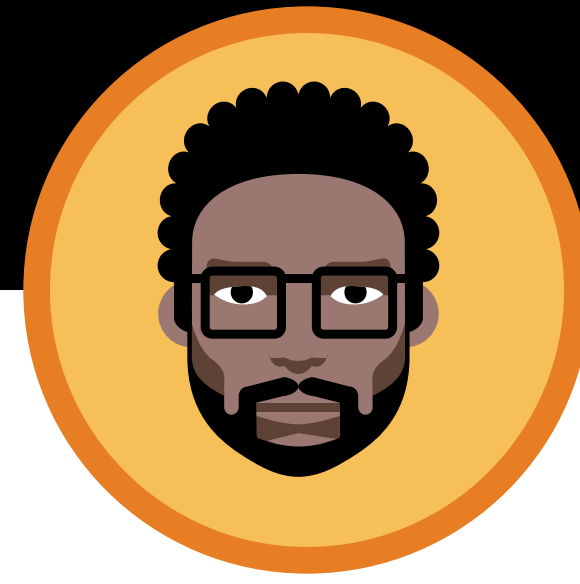
Based on my tag name, you don't know what I'm female. But as soon as they hear me on the mic, it's like 'oh you're going to suck,' and the other players will target me to see if I can actually perform at their level.

'Oh you're a girl, you can't play. Oh, do you need support?' That's what they say. And I'm like, no, I got this. I can do this. They will leave me alone and help other teammates when they see I can actually handle myself. But if you do mess up, it's ten times worse than if they were to mess up. 'Oh, you died? Oh you're a n00b, you don't know what you're doing, get off.' But I'm thinking, I only 'died' once and you guys died four times. It's just harder for female players.

## Females have to prove that they have the skills to play. If you don't, by the end of the match you're being called a n00b.

When I go online, I don't actually see that many females playing. Maybe three will pop up. But at tournaments I see women. I think they're just afraid to play because of being harassed. The mentality is, 'oh you don't know how to play, we're just going to leave you over there to die.'





**EXPERT INSIGHT –  
KEVIN LANDON**

**aka Di3mini0n, one of the top ranked  
Street Fighter players in the world**

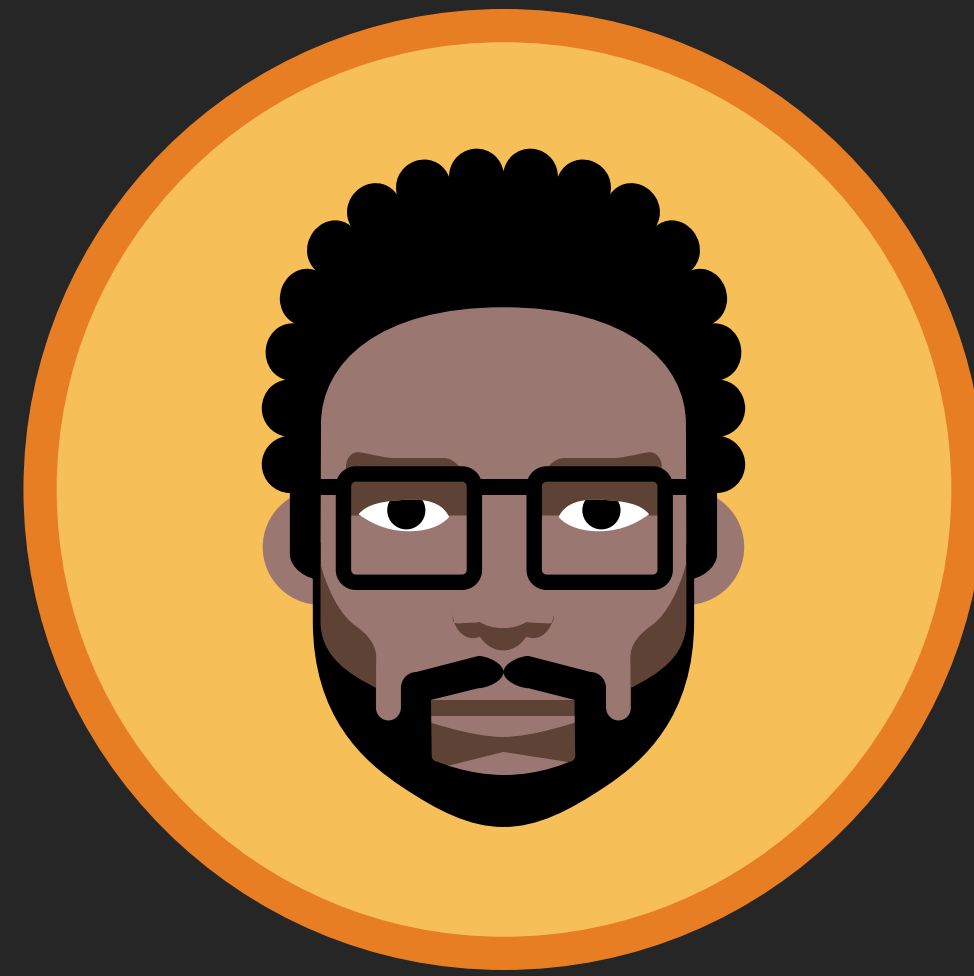
## Life as a Pro Gamer

My professional gaming speciality is fighting games. I'm a member of the Fighting Game Community and I'm pretty well-known around the world. Right now I'm competing for the Capcom Cup. It's a 32-man invitational event. You have to qualify via tournaments around the world and the first 32 players are invited to the Capcom Cup. The grand prize is about half of a half a million dollars (250K).

We play older games, legacy games as they're known, for a few reasons. They have the most prestige because of how long they've been around. People are familiar with them and

the arcades back in the day – you couldn't go anywhere without seeing them in your laundromat or your deli or pizza shop.

I've been playing for a long time, but my transition from amateur to pro was in 2009 when Streetfighter 4 was first released for consoles. It hasn't been easy. Sometimes developers come up with updates to the game and you have to adjust to that. It's tough staying on top of the competition and having a life outside of the game. To keep up, you really have to focus on the game and take time from your life to do so. The players who have sacrificed that time are usually the best players.

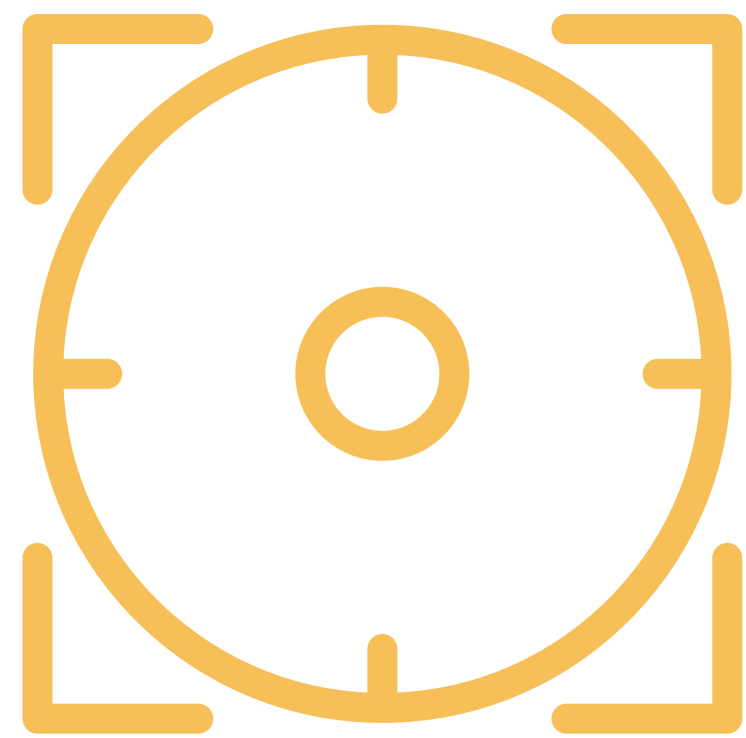


**KEVIN LANDON**

Professional Street Fighter Player

“I practice a ton and the money does mean a lot... I’m practicing for that first place, yeah for the money, but also for the prestige.”

Right now, my training is probably six to eight hours a day. I'm 29, and the oldest competitor right now is probably 38 or 39. If I'm following that model, I'd have another ten years to compete, but who knows. When you get past a certain age, you can't really compete as much as you did when you were younger. You can get injured because you're using your hands all



*“TO KEEP UP, YOU REALLY HAVE TO FOCUS ON THE GAME AND TAKE TIME FROM YOUR LIFE TO DO SO. THE PLAYERS WHO HAVE SACRIFICED THAT TIME ARE USUALLY THE BEST.”*

the time. But if you do a lot of hand exercises, then you really wouldn't encounter any injuries, unless you're, like, frustrated at the game and punching walls, or having fist fights with people.

In fighting games, the belief is that the older you are, the better your reaction time is. This is opposed to other games where they say the younger you are, the better your reaction time. And experience plays a big role with fighting games. A lot of new kids who jump into the fighting games don't have as much experience as the old guys, the guys who have been playing the arcade all these years. As long as you have that old-school experience, you can always have a step ahead of the newer generation. It's the newer generation that's learning from the older players.



# Brands, take it away



THE ESPORTS USER MANUAL

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## AUDIENCE

More people watched the LoL finals last year than the Masters, the NBA finals, and the Stanley Cup finals. Only the SuperBowl claimed more viewers.

### CASUAL GAMERS

An estimated 1.4 billion people around the world engage with some form of video gaming.

### HARDCORE FANS

Passionate advocates who share their preferences in real time.

## VIDEOGAME PUBLISHERS

### eSPORTS PUBLISHERS

eSports rely on a unique mixture of viewability, character balance, and a high skill curve that separates them from traditional video games.

## BROADCASTERS

The conduit between the action and the audience, broadcasters host channels with nonstop gameplay that support constant conversation.

### SHOUTCASTERS

## BRANDS

How to connect with the global eSports audience

## LEAGUES AND TOURNAMENTS

eSports events boast multimillion dollar prizes, sell out stadiums and convention centers, and occur so often that chances are one is happening right now.

## PROFESSIONAL ESPORTS TEAMS



### MANAGER



### PLAYERS

Players start as young as 11 and retire at an average age of 24, moving on to become coaches, trainers, mentors and casters.

### COACH

### TRAINER

### MENTOR

### OWNER

As prize money increases, more gamers are seeing eSports as a legitimate career. The U.S. began granting eSports players visas as professional athletes in 2013.

eSports teams are ripe for sponsorship opportunities, but novices may need an intermediary – enter the talent agency.

In-game activations and expansions require a direct line to publishers, and can have a significant impact if done well.

Digital principles rule the day, but the landscape may change as eSports moves onto traditional television.

Brand engagements at events and across leagues must support and ideally elevate eSports fans' native passions.

eSports fans attend three live events on average per year, coming together to watch their favorite teams, showing off their dedication through cosplay, and meeting up with friends they otherwise only interact with online.

# THE ESPORTS UNIVERSE

eSports has no global governing body, making for a fragmented and often confusing ecosystem. So where can brands enter the space and how do they reach the audience? Shown here are three orbits, representing a strategic approach for brands to connect authentically and impact upon the eSports audience. While each orbit requires a unique tact and is able to stand on its own, they are more valuable when thought of as complimentary pieces of a larger campaign.



**ACT 5****Brands, take it away**

eSports represents an opportunity for brands to enter an emerging sports space right at the point of massive expansion. For a relatively low buy-in, brands can establish themselves as authentic partners and help shape the culture of eSports from now to the future.

**Early is the new late**

In 2005, street artist David Choe was asked to paint the walls of a startup called Facebook. In return, he was offered the choice between a couple thousand dollars cash or the equivalent value in stock. Choe took the stock, and when Facebook went public a few years later he stood to earn a cool \$200 Million. Today, the barrier to investing with Facebook is exponentially higher and the returns much less significant.

**Brands had decades to partner and develop alongside traditional sports leagues like the NFL, but now they have just weeks, sometimes hours, to act before it's too late.**





In the 1920s, nearly 100 years ago, professional football started in the United States. It took 40 years of mergers and the advent of television to reach what we'd consider "the modern game." The sport has risen in popularity, slowly, ever since, earning owners and the league billions of dollars, and (like the Facebook example) the barrier to entry has risen ever higher.

What do these examples suggest? Time is becoming exponentially compressed – the years we once took to grow and change are now mere moments online. Investors and brands had decades to partner and develop alongside a traditional sports leagues like the NFL, while now we have just weeks, sometimes hours to act before the time to strike has slipped away.

We are at a critical point in the evolution of eSports. It's a time when brands and investors are still able to access and influence every part

**The fandom is strong, the passion is real, and the audience can smell a fake a mile away.**

of the sport, and do it in a way that contributes to a shared point of view. The potential returns on getting in early are massive.

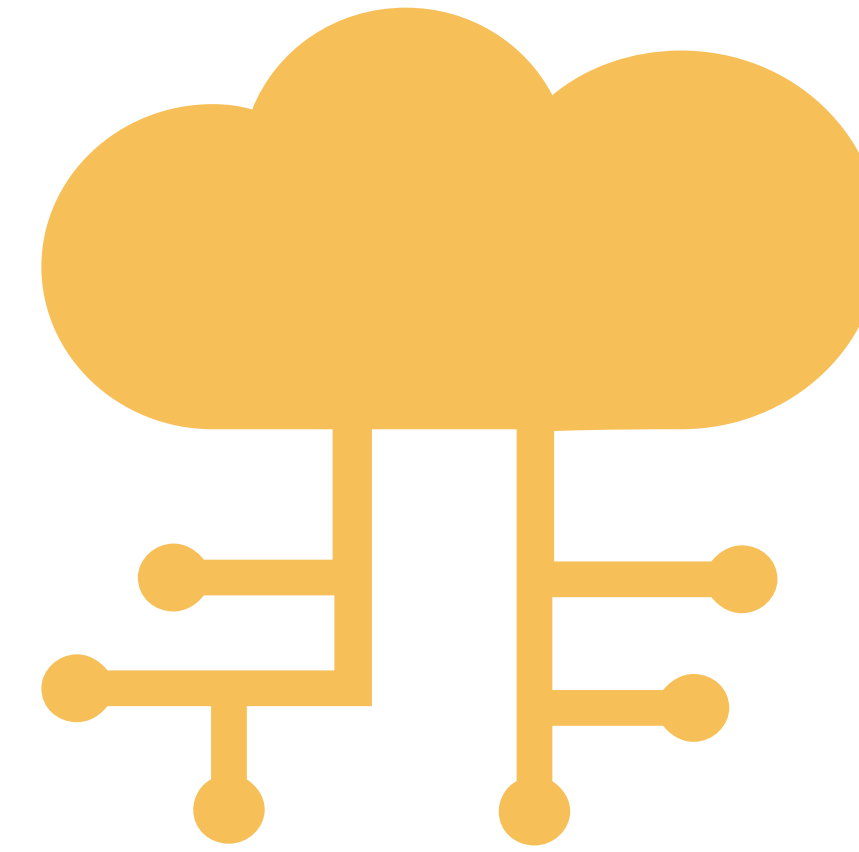
### **Know the rules before you break them**

At the core of eSports is a dense pocket of passion protected by people who have played eSports games their entire lives. These are the people who would pack their homemade PC gaming rigs into cars and drive three states over to compete in the first, extremely local events. That mentality, that

dedication to go above and beyond for something you love and want to see succeed, has been passed up, down, and across all of eSports. The fandom is strong, the passion is real, and the audience can smell a fake a mile away.

At the same time, eSports fans love an experiment. They'll happily try the new and the daring, just so long as it's genuinely building upon the foundation and not trying to slap on a shoddy addition.

Like all things worth the effort, getting to know the eSports ecosystem: learning the language, understanding the differences and similarities between games, fans, leagues, events, characters, tech, the history, the changes, the challenges – the list goes on – isn't going to happen overnight. But there are partners within the world of eSports who want to share what they know with brands. They want to help brands understand that passionate core and work with them to help grow eSports in a way that couldn't happen otherwise.



BRANDS MUST SHARE WHAT THEY KNOW WITH THEIR ESPORTS PARTNERS TO CREATE AUTHENTIC ACTIVATIONS THAT AUDIENCES WILL NOT ONLY LOVE, BUT REMIX AND SHARE OVER AND OVER.

### **Show up with ideas**

As a brand, you know who you are better than anyone else, and when you reach out to an audience you make sure to convey your best self. Part science, part art, part luck, brands have been fiddling with the formula across traditional media and sports for decades. But eSports is a whole new beast, and brands have been hesitant to tread where opinion can be



scathing and travels at the speed of digital. That timidity means brands often show up to eSports partners with nary an idea about how to integrate what they do in this strange new realm.

There are numerous entry points for brands in the eSports ecosystem: from custom in-game merchandise to live embeds in streams that provide added value to viewers, to player, team, event and league sponsorships (or better yet, partnerships) to new ideas that are waiting to happen. eSports partners can help identify what the most appropriate spaces might be based upon a brand's core value, and work to help create authentic activations that will excite and ignite fans. But they can't do it alone.

Potential eSports partners do know one thing better than brands: eSports. They're hungry to help brands translate products into the space, and that will only work when there's a two-way conversation. The most valuable partnerships are those where each member listens and learns,



THINK OF ESPORTS AS OCCUPYING THE SAME SPHERE AS ONLINE CELEBRITIES – THE YOUTUBE AND VINE STARS WHOSE DEDICATED FANS EXPECT A CONSISTENT TONE

and willingly shares a vision for their ideal collaboration. Brands must share what they know with their eSports partners to create authentic activations that the eSports audience will not only love, but remix and share over and over.

Where to start? Show up with ideas that make a clear connection between your strengths as a product or service, your brand purpose, and areas of opportunity that are native to eSports.





In a recent expert research study, a group of industry insiders agreed that diversity (raising the profile of underrepresented gamers), tailored content, cultural extensions (connecting eSports with music, film, fashion, etc.), and gameplay enhancements, represented prime areas of opportunity for the right brands (s&h eSports Expert Research, 2015).

### **Think digitally**

With the integration of social media and live events, brands have built more and more sophisticated war rooms in an attempt to own a “blackout moment.” Sometimes they work, but mostly their output reads as stilted and inorganic. Exactly the type of message you do NOT want to share with an eSports audience that already skews toward cynical.

eSports is inherently digital, and to be perceived as authentic brands can't act as an appendage, sitting on the outside and commenting on events. Brands must integrate with conversations that the audience is having via content or partnerships that are driven in part by eSports creators. Think of eSports as occupying the same sphere as online celebrities – the YouTube and Vine stars who have dedicated followers that expect a consistent tone across all their output. eSports is the same. The new celebrities are the players, teams, games, and events, and they engage in real time with a massive and opinionated audience.

### **The lab is open**

The eSports audience is dedicated, passionate and growing. They're the ideal consumer, because they're also advocates. Take Twitch,



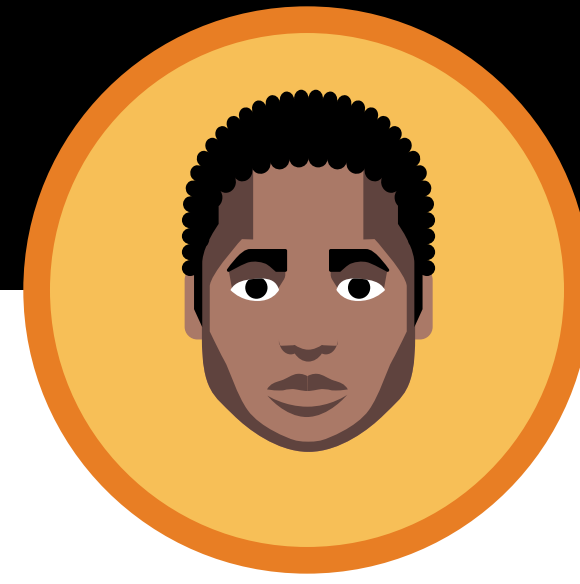
with their audience of just over 100 million viewers per month. Nearly 2 million from that audience is also sharing content, and when they're not streaming, they're watching 106 minutes of footage a day, chatting with one another over gameplay and sharing their preferences for products and brands.

Traditional sports demand a premium to reach such vast and dedicated audiences, and still their reach is often limited by broadcast rights. eSports currently have no such restrictions. The level of investment is a fraction of what brands are used to paying to activate local audiences, and eSports immediately creates global possibilities.

We are at the birth of a sports phenomenon, and with a bit of dedicated research and comparatively little spend, brands can start testing different engagement strategies and

use real in-market insights to carve their own unique territory together with the community.

**The eSports audience is dedicated, passionate and growing. They are the ideal consumer.**



**EXPERT INSIGHT –  
AUWAL ISA-ODIDI**

**President and Co-founder of Waypoint Media, a digital marketplace that connects brands with eSports and Gaming content creators**

## **Crowdsourced content branding**

The difference between eSports and many other media is that a lot of the content is created organically and from the ground up. You have hundreds of thousands of passionate individuals creating their own content on their own terms. As a brand, that means you can activate something that's immediately close to the audience, but there's a difficulty in matching these sorts of relationships over hundreds of thousands of content creators.

It's even more difficult for a brand to enter a space where the content creators are the fans – and the vast majority of the content is live. How do you then connect with the content creator,

connect with the audience and do it all live?

There are a variety of tactics to do this. The overall strategy is to make sure you're actually working directly with the content creator, or whatever agency or platform. For instance, Waypoint is largely a technological solution, but it's underlined by actual agreements with content creators to be part of our platform. So, when a brand wants to create advertising or messaging to a live stream and broadcast, it's already been just about preapproved by the content creator. They can see it as it's going out, it's not an ad that is completely divorced from what the eSports players are doing. It's part content, part broadcast.





**AUWAL ISA-ODIDI**

President & Co-founder, Waypoint Media

**“What we have here is an opportunity to create living content in an unprecedented way.”**

We can connect brands' content with various systems like chat or even digital polls. That way, we can create very interesting campaigns where the content creator interacts with the campaign and the crowd. There are really many permutations and connections, and because this is all distributed over digital channels you get the benefits of speed and real time analytics.

### Doing it live

Creating live content is more about opening up opportunities, not creating problems or barriers. What we have here is an opportunity to create living content in an unprecedented way. One of the things we're demoing with a few brands right now is content that evolves over a live event, updating dynamically as events unfold. This can make the audience part of the event and part of your promotions in a way that's completely authentic and two-way, as opposed to just talking at them.



### NUMBER OF ESPORTS GAMES IN YOUTUBE'S TOP 10 ALL-TIME VIDEO GAMES

We know that older, established media companies are going to come in and they're going to try and make eSports work for different channels and distribution platforms, but they're not going to throw away their old way of doing things. They're going to add smart people who can find ways to integrate the new with the old infrastructure.

The question they need to answer is, 'How do you have a live TV presence that might be largely passive? How does that integrate with

an online digital presence that's going to be highly interactive? Do you take elements of interactivity and add it to the medium, or do you do other things?

The conditions are evolving, and we're going to see some very large scale shifts in the way eSports is consumed, in the way it's produced, and the way that the old and new worlds of media come together to create a new model for eSports. What's really going to be transformative, certainly in the short-term, is how the new technologies that were created to enable esports to grow as quickly as it has, will integrate with older technologies as more traditional media companies enter the space.



## 24-YEAR-OLD

OMGitsfirefox SPENDS 40 HOURS  
OR MORE STREAMING PER WEEK

*(ENGADGET)*





**EXPERT INSIGHT -  
JAKE SMITH**

**CEO and cofounder of RankR eSports**

## **Growing from the bottom up**

The community ultimately decides everything in eSports. eSports is so much more than just this industry that has blown up, that has a ton of users. It's a group of people who love something so much that they have taken it from hotel rooms to the Staples Center. But there wasn't always a way for everyone to talk to one another, to get together. Let me tell you a story about how Ranker was born.

In college, I made a League of Legends club. League of Legends is the most popular game and I loved it, still do, so I made a school organization for it. As time went on, we

thought, "Hey, we should try and become a club sport." It was a long and tedious process, but it happened. We ended up having our school recognize a video game as a sport. But now we didn't have anybody outside ourselves to compete against!

So, I took control of finding events, and I couldn't. In hours of searching, I found two events. I thought I was doing a terrible job because something like that shouldn't be so hard. I shouldn't be finding two events in five hours, I should be able to find a hundred events in two minutes. We realized there was no real organization that reached across all the games, and we started trying to fix that.



**JAKE SMITH**

CEO & Co-Founder, RankR eSports

**“eSports is this giant sandbox. If something doesn’t exist, we can make it. If it exists and it’s been tried and it didn’t work out that well, we can change it.”**

So I had the bright idea to move to South Korea, because South Korea is the epicenter of the world for eSports and if we were going to learn how to organize as a sport, we thought let's go learn from the originators. So, I moved halfway around the world to learn how an industry is built and to study the gameplay more closely, because eSports doesn't exist without the gameplay.

Korea has had the infrastructure for teams, organizations, whatnot, for years. StarCraft came out in 1998 and soon after competitions were being aired on TV and players were training to become better and better. It happened fast – fans of StarCraft would head to PC cafes where you could go and play with high-speed connections. People would go there and play in tournaments amongst themselves to see who was best, and then the place down the street would say, “Well, who's the best between us?” And it caught on,



## CASTERS

FORMER AND CURRENT  
PLAYERS WHO ADD EXCITING  
COMMENTARY TO GAMES

became bigger and bigger, the organization grew, it launched on TV and the rest is history.

Now, we're seeing that happen in the States. People want to watch live competition, they want to go to and participate in live events. Growing out of that need, doing the research on the ground overseas, we've been able to build Ranker eSports to fill a void in a sports that's so big but is still growing its infrastructure. There

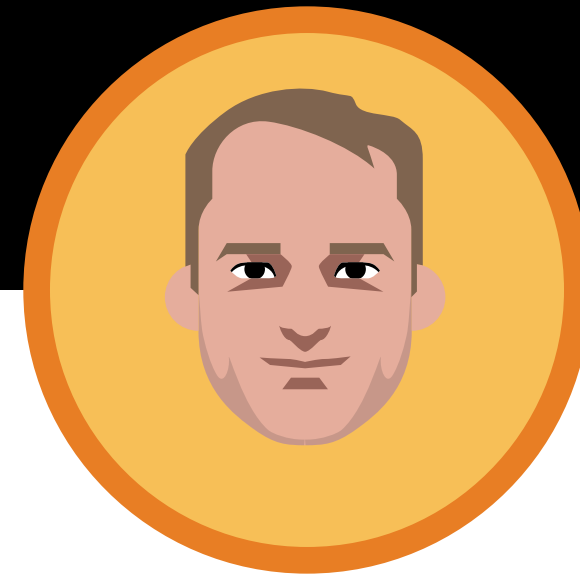




was no reason for us to exist three years ago. It would've been a dumb idea then. But now, it's a great idea.

eSports is this giant sandbox. If something doesn't exist, we can make it. If it exists and it's been tried and it didn't work out that well, we can change it. They're more than just an industry, they're more than just an entertainment medium. eSports is culture.

**eSports is more than just an industry, it's more than just an entertainment medium. eSports is culture.**



**EXPERT INSIGHT -  
JASON LAKE**

**CEO of complexity Gaming, the premier  
competitive gaming brand in the Americas**

## **A global phenomenon**

eSports is truly a global phenomenon, and we're all very blessed because we get to witness the dawn of this brand new sport. It's a new digital sport for a new digital age that's uniting younger people from around the world. It's inherently global due to the nature of the internet, but at the same time, when there's large events, whether it be in a stadium or a convention center, people hop on planes and travel around the world to share the experience in real life. It's a sport that's crossing the divide between the digital and the real.

At its core, eSports is very much powered by the social aspect. It's obvious what that means when you're selling out stadiums, but for the outsider it's harder to appreciate the connections happening online. If you go onto a gaming website like Twitch to watch a game, there's always a chat box on the side where you can talk to people all around the world that love watching the same games that you love to watch. When you're playing, you can speak verbally to these people and you can also chat while gaming. This social aspect, the ability to spend time with people that love doing the same things you love doing regardless of where you are, is



**JASON LAKE**

CEO, compLexity Gaming

**“The social aspect, spending time with people that love doing the same things you love doing regardless of where you are, is incredibly unique to this sport.”**





incredibly unique to this sport. With traditional sports, you might have a couple of buddies over from your neighborhood to sit on the couch and watch the game. eSports is very different. Just like the digital era that we're in now, you have digital socialization and people really ingrain it as a part of their lifestyle.

That's one of the things that really identifies eSports and separates it from traditional sports. You've seen in recent years the NFL and Major League Baseball trying to reach out on social media and boost their fan engagement. eSports has always had the highest levels of engagement. From the first day there have been places people went online to talk and promote their passions, websites or chat boards and then social media. For instant feedback, for instant communication to your favor player, your favorite announcer, whoever or whatever it might be. So in many regards, eSports has led traditional sports in terms of fan engagement.

## eSports has led traditional sports in fan engagement.

### Players and casters

I'm one of the old school guys. I founded one of the first professional gaming organizations in America twelve years ago and I've advised most every league that's been in North America and worked to foster the growth of eSports globally. I've been doing this for a long time, so I can tell you with confidence that every team owner has a little bit of a different perspective on what will make a team click. Ultimately it is much more an art form than it is a science. Each organization has a personality and attracts certain kinds of personalities. My organization has always been known as being very passionate about what we do. When we play, we yell, we

scream. I've been known to kick chairs and throw stuff sometimes. So nobody's going to give you the exact same answer.

Regardless, these players are athletes, and at some point they either burn out or get injured or just can't compete at the top level anymore, and one of the paths into retirement heads toward becoming a caster. A great caster is someone that understands the game and can bring it to life. A great caster can see inside the key moments and expand your understanding of the game. They appeal to people that know the game inside and out, yet make it exciting for someone who's turning in for the first time. We're very blessed in eSports to have a great group of people that have paid their dues and really worked hard for years, they're really talented and they're fun to watch.

## The rise of eSports on TV

Some of the pioneers and trendsetters in



145 MILLION  
FREQUENT ESPORTS VIEWERS  
GLOBALLY BY 2017

*(Newzoo)*

television are starting to realize that in order to keep people sitting in front of a television, it has to interact and intersect digitally as well. Right now they're struggling, it's very rudimentary, "you can vote here" or "you can Tweet here." eSports is already there, already so far ahead. We have millions and millions of people watching and engaging in real time, so as television brings eSports onto their channels, instead of using social media and the digital world to prop up

the broadcast, they're going to have approach it from the other way around. We're super excited to have television coverage come in and it'll be really interesting to see how we crack this equation.

Right now, and potentially for the next few years, television is most important to Madison Avenue. Traditional big brands understand television and even the most progressive ones tend to get a little jumpy when they start entering into the digital pool. They want to dip their toe in a little bit. They're not really sure if they should jump in or not. Television adds legitimacy. It provides a safe entry point for large brands that we need to sustain our ecosystem.



# 1.9 BILLION

ESTIMATED GLOBAL ESPORTS  
MARKET WORTH BY 2018

*(SuperData)*





THE ESPORTS USER MANUAL  
SPARKS & HONEY CULTURE FORECAST

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## METHODOLOGY

For this report, sparks & honey conducted qualitative research by interviewing 14 key experts in eSports. Using our proprietary cultural intelligence system and social listening tools, we gauged the energy and sentiment around eSports across media channels.



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