



THE ROI OF ESPORTS

January 2022

NIELSEN ESPORTS

Introduction

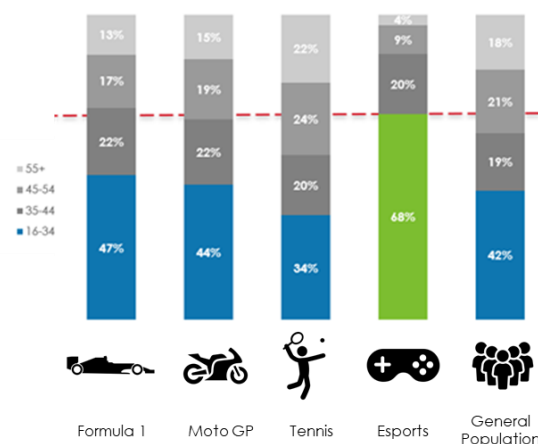
The video game industry has been growing for years, but the arrival of COVID-19 and the virtualisation of our lives over the past 20 months or so has accelerated and expanded that growth – **consumption of live game streaming has increased globally by 69% in the last year.**



That advancement has also propelled competitive, organised gaming (esports), aided by the pause in live sports last year to the front of people's minds. Nielsen forecasts the industry to be worth more than \$1Billion by the end of this year.

Esports can be an attractive proposition for brands: an audience base growing at between 10-20% per year (depending on the country), driven by Gen-Z and Millennial audience that is digitally native, connected and engaged. The esports target group is not only interesting due to their demographics, but also because they are turning away from traditional TV, whilst almost **73% of Gen-Z and millennials report using some level of ad-blockers**, making them hard to reach – **esports provides an opportunity to reach the unreachable**

Demographics - Age



These factors have seen several household names such as BMW, Mercedes-Benz, Mastercard, KitKat, Mountain Dew and DHL sponsoring esports properties. **In the last 5 years sponsorship revenue grew at a compound annual growth rate (CAGR) of 21.4% between 2016 and 2021.**¹

Key Numbers

68%

Global esports fans are under the age of 35

21%

Compound Annual Growth Rate (CAGR) in sponsorship revenue in the last five years

69%

Growth in live streaming hours watched across Twitch, YouTube and Facebook Gaming in 2020



Source: Nielsen Sports analysis;; StreamHatchet; Nielsen Esports Fan Insights; 1. Nielsen SponsorGlobe

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The ROI of Esports

Esports is evolving and brands are realising that it is not simply about live events and viewership. It is a 24/7 multi-platform content business driven by professional players & content creators (the talent) that covers multiple teams and games

Teams and organisations are able to leverage their talent to bring brands to life in a compelling and engaging way that works for esports and gaming audiences – sponsored live streams across platforms like Twitch have **increased upwards of 98% since 2020¹**

Steamers offer a unique way for teams to amplify the reach and engagement of content, including branded content stories developed in partnership with sponsors

More than a tournament... how fans engage and immerse in the esports ecosystem



Streamers



Content stories, immersing brands into the conversation



Fan tokens



Chats / discussions



The “cons” (community driven face to face conventions)



Digital goods / in-game downloadable content



In-game brand exposure

The ROI of Esports



However, as more investment comes into esports from brands and other parties we are going to see greater scrutiny and greater demand to understand what return they are going to get, beyond simply accessing a younger audience.

Whilst still a relatively new and maturing ecosystem, esports properties are able to deliver both positive and comparable return on investment values compared to traditional sports.

Taking a holistic approach to ROI can require measuring results across multiple areas.

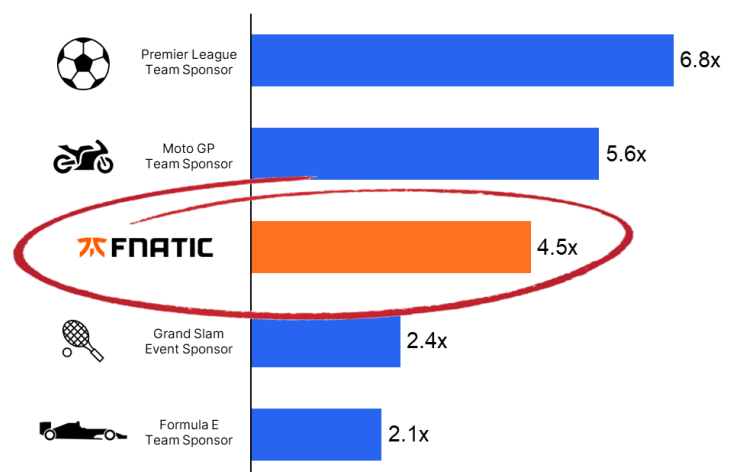


Media Exposure & Reach

Esports properties are delivering significant media value through brand and logo placements during broadcasts, and the use of digital tools in esports can help drive brand awareness further.

Analysis of multiple esports properties demonstrates that esports rights holders can deliver comparable return on media investment values to traditional sports.

Average Return on Media Investment (ROMI) of selected properties



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Media Exposure & Reach

The use of digital tools in esports can drive brand awareness comparable or better than in traditional sports. Esports offers significant benefits for brand awareness and exposure

- Authentic and immersive branding
- High predictability
- Less impact from external factors



A major driver of esports continued success and increased returns for partners has been the growing and significant audiences across major tournaments, coupled with esports acceptance in mainstream media

Viewership – League of Legends World Championships 2021



30.6M Average concurrent viewers through streaming

73.9M Peak concurrent viewers

1.1BN Hours watched by fans

In comparison, the 2021 NBA Finals on ABC averaged **9.9M** average concurrent viewers through linear broadcast

Not only can streaming platforms attract significant audience numbers, but they also attract a much younger audience profile



16-34
Average age of streaming viewer



45-64
Average age of linear broadcast viewer

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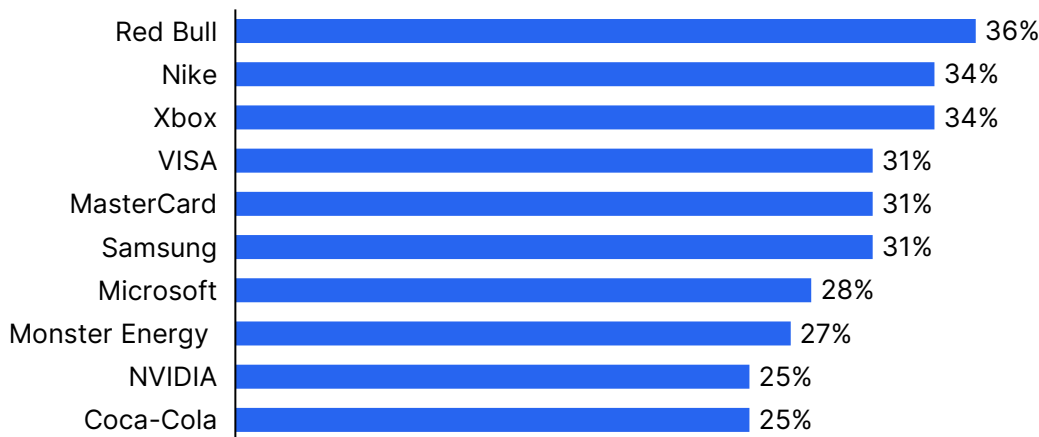
Brand Impact



Brand Impact

Media Value is only one benefit, for brands, **esports can drive deeper relationships and improve brand affinity**. Market research conducted by Nielsen Esports on esports fans demonstrates that both endemic and non-endemic brands are at the front of minds for esports

Aided Recall: Brands Advertising in/Sponsoring Esports (Top Mentions) – Esports Fans

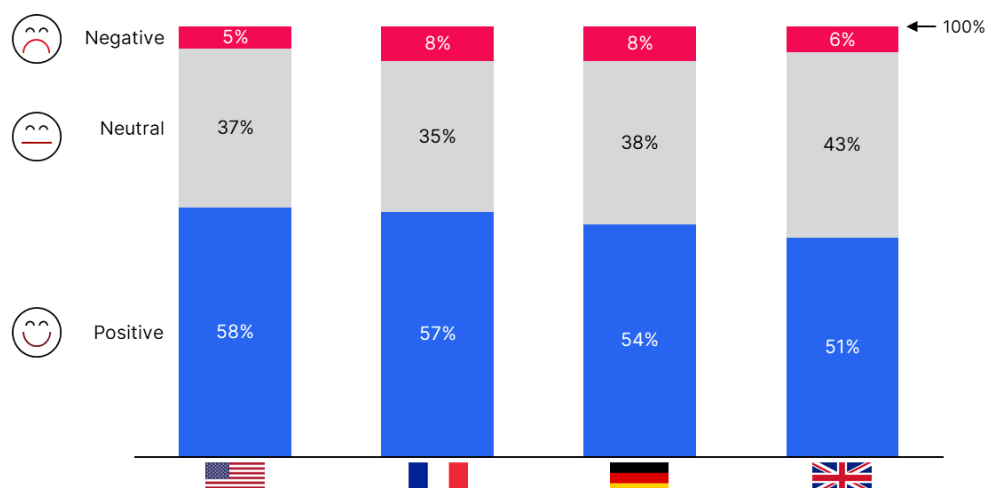


87% of esports fans can recall at least one sponsor within esports

Q. Which of the following brands, if any, do you recall seeing as advertisers or sponsors within esports?
Note: Rankings out of 87 possible options (US, FRA, GER, USA)

An additional benefit for many esports sponsors is the attitude of fans to both endemic and non-endemic sponsors entering the ecosystem. **In general sponsors are well received and generate positive sentiment** – this will ultimately lead to positive uplifts in brand metrics such as consideration, purchase intent and recommendation in the long run

Attitudes Towards Sponsorship – Esports Fan Insights

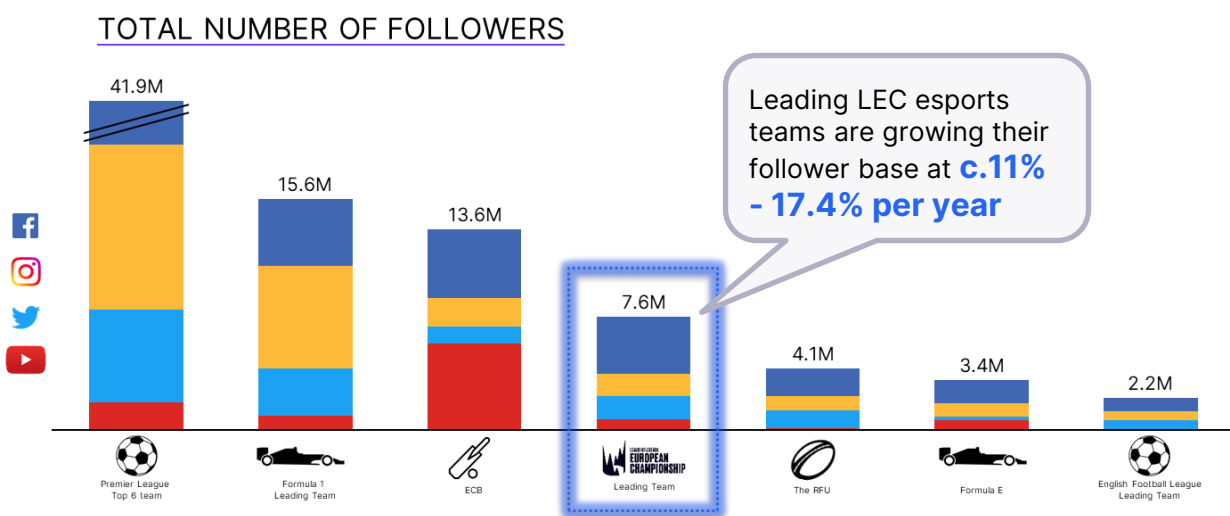


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Activation & Engagement

Activation & Engagement

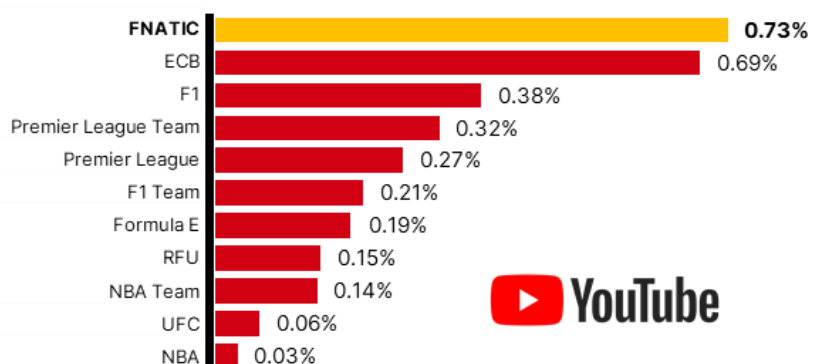
Esports properties can offer significant opportunities through digital activations on social media. In a short period of time esports rights holders have grown significant social fan bases with a young and engaged audience.



Source Nielsen Sports - Facebook, Instagram, Twitter, YouTube – 01/09/2020 to 01/09/2021; Leading LEC esports teams means team that have made at least 4 play-offs, Spring or Summer

Leading esports teams in franchise league systems such as the League of Legends European Championships already offer a stronger following than some traditional sports properties and comparable to leading properties in sport

Esports properties offer engagement rates comparable to many traditional rights holders across all social media platforms. On video content platforms such as YouTube, esports teams such as Fnatic outperform most traditional rights-holders in the sport industry in terms of engagement.



This offers significant opportunities and value for partnerships with branded content series

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Activation & Engagement

Activation and Engagement

The digital and social strength of esports properties can contribute significantly to the overall return on investment for sponsors

Branded content strategy: Behind the scenes access has driven strong value for **Team Liquid and Honda** through strong fan engagement



2.5x video views

3.1x likes

3.5x comments

vs average post on traditional sports platform

The high levels of engagement in esports is driven through authentic branded content across Instagram and YouTube in particular, combined with esports fans tendency and willingness to support team sponsors

Source: Nielsen Esports; Nielsen Social "Travis Scott Astronomical"

FORTNITE

x Travis Scott



Nike and Jordan collaboration with Travis Scott since 2017



\$518K

exposure value from Top 5 videos on YouTube



343.6k

total interactions on content where Nike was mentioned

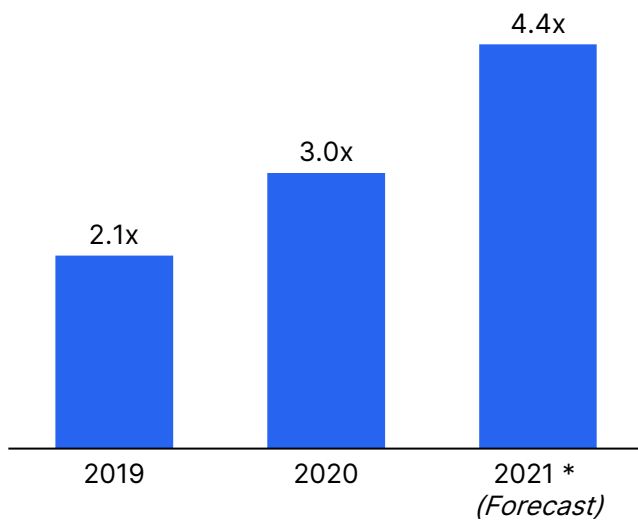


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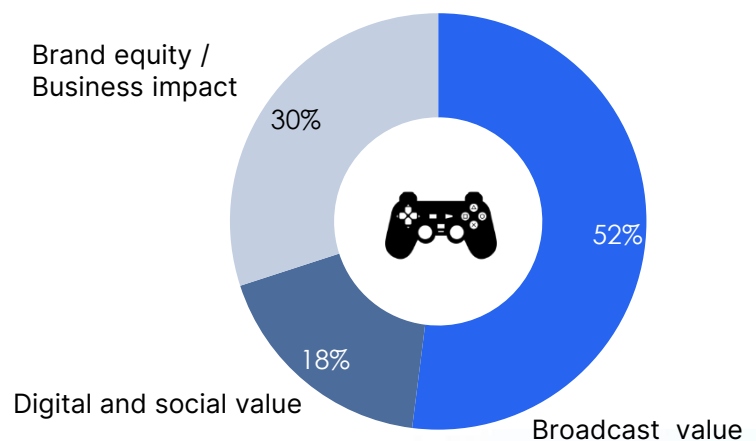
Business Impact

For brands investing in leading esports properties that actively participate and engage in top tier gaming titles, we are seeing positive returns. What is more, this return on investment is improving, driven by maturing ecosystems, growing audiences, improving product, which ultimately deepens the engagement and fan immersion

**Return on Investment (2019-Present) –
Leading franchise team in LEC**



**Value breakdown –
Principal Partner of esports property**



Case Study

Business Impact

FNATIC X BMW

SPORT AWARDS
INDUSTRY 2021
OFFICIAL SHORTLIST

Background

BMW Group have a long and successful history in sports sponsorship. They identified a need to expand their current portfolio to include esports. Esports was identified as a fast-growing industry, and a sector where they would be able to connect with a whole new generation of people who do not consume media in traditional ways.

The subsequent partnership between Fnatic x BMW had the following objectives

- **Build brand preference and affinity** amongst esports audience so as to influence decision making when they are purchasing a car in the future.
- **Position BMW as a brand empowering and enabling esports** and bringing fans closer to their heroes.
- **Bring the BMW & Fnatic worlds together** in order to showcase the performance of esports stars as well as expose Fnatic and esports to an even greater market of people.
- **Share knowledge and best practice**, by learning from BMW how their professional drivers prepare and train for competition, and how that can be applied to esports.

“The overriding strategy of the partnership was based on emphasising esports performance and bringing our fans closer to the team.”

Performance functions required of a winning high-performance athlete, such as commitment, dedication, teamwork and resilience, remain constant regardless of a playing field, racetrack or gaming setup”

Sam Matthews – CEO and Founder Fnatic



Case Study

Business Impact

FNATIC X BMW

The Partnership in Action

To ensure BMW built affinity and brand preference amongst the esports audience, Fnatic tapped into the frustration held by the esports audience. Fnatic showcased that BMW understands that esports athletes are equally as talented and undergo equal amounts of training compared to traditional sports athletes.

By aligning the performance attributes and experiences across both sporting worlds, BMW would be seen to be empowering the esports industry and its professional athletes from a traditional sporting perspective.

PARTNERSHIP IMPACT IN NUMBERS

36%

INCREASE IN BMW BRAND PREFERENCE

23%

GROWTH IN TOP OF MIND FNATIC PARTNER AWARENESS

1.14M

ENGAGEMENTS ACROSS SOCIAL MEDIA PLATFORMS RELATING TO BMW BRANDED CONTENT

4.95M

ORGANIC VIEWS ON YOUTUBE IN 2020 OF BMW BRANDED CONTENT

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Key Takeaways

1

Esports can be an attractive proposition for brands: an audience base growing at between 10-20% per year (depending on the country); a Gen Z demographic younger than many other traditional sports; and a highly engaged fan group that consumes hours of content

2

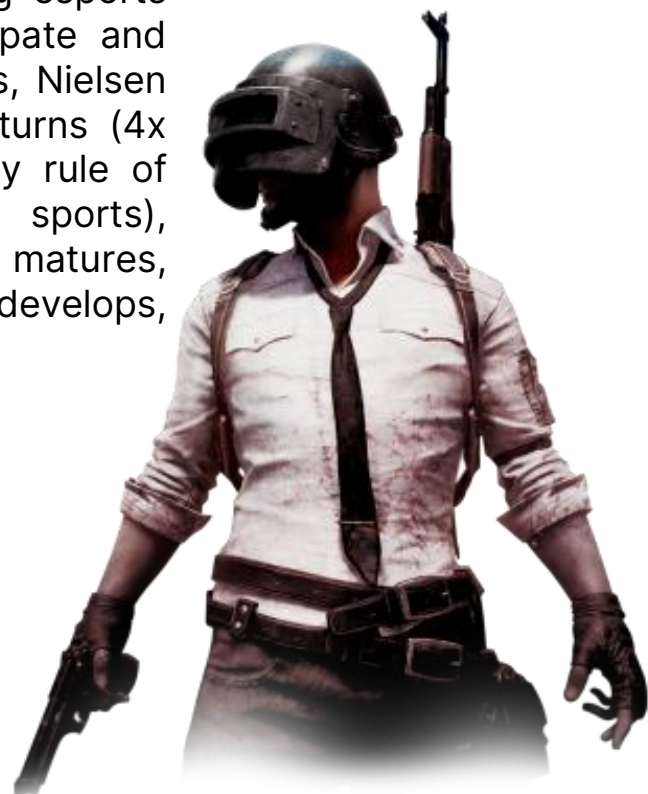
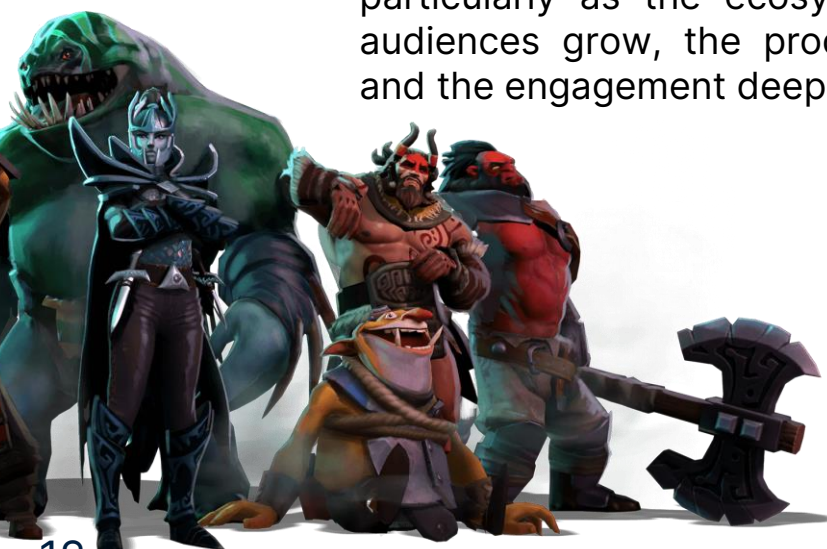
Esports can offer greater freedom and new opportunities to create awareness and brand equity among fans. Esports properties are delivering significant return on media value through brand and logo placements during streaming broadcasts

3

Esports is more than just the event / tournament. Brands are able to leverage professional players, streamers, content creators and influencers for storytelling opportunities. There is also an opportunity to utilise digital goods/in-game items to further immerse fans – Over 4 out of 5 casual & competitive gamers have purchased downloadable content (DLC) in the past year

4

For brands investing in leading esports properties that actively participate and engage in top tier gaming titles, Nielsen Esports are seeing positive returns (4x ROI compared with an industry rule of thumb of 3x for traditional sports), particularly as the ecosystem matures, audiences grow, the product develops, and the engagement deepens



Nielsen Sports & Entertainment

As the world's leading research and consulting company in the sports, gaming and entertainment industry, Nielsen has been analysing market and media data and linking Nielsen insights to local and global consumer trends for more than 30 years.

With deep data and industry standard methodology, Nielsen Esports helps the major players maximise their investments. Nielsen Esports has the depth, expertise and world-class research needed to drive growth, increase the value of partnerships and develop fan bases.

In a world where traditional media and digital platforms are converging at lightning speed, we are your reliable, independent source to provide our clients with a clear and comprehensive picture of the landscape and their fans – whilst helping drive informed investment decisions.

For more information visit
www.nielsensports.com



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Nielsen