WEBINAR

State of Esports and Gaming in 2021

February 4, 2021
Welcome Everyone

Webinar Hosts:
• **Rick Ducey**, Managing Director, BIA Advisory Services
• **Zach Oscar**, Esports & Gaming Consultant, HocusFocus

Webinar Topics:
- How esports continues to be a bust-out category in sports programming.
- How local franchises are developing revenue models to create a revenue mix of ads, sponsorships, tickets, ecommerce and programming rights.
- How esports programming is attracting desirable younger demos increasingly being lost to broadcast and cable platforms and what that means for the media ecosystem.
Esports has athletes too. And, they are ready to Battle!

- From a local media perspective, esports is a particularly promising as a new platform to drive incremental advertising revenue.

- Esports is a video game-based platform in which players compete on teams in a growing assortment of locally based leagues and in local forums.

- The distinction is that instead of live physical games, esports contests are among live contestants but competing online in virtual gaming environments.

- Esports athletes can compete anywhere but the bigger events are venue-based just like an arena-based major league sporting event.
Esports is an adjacent market for local media companies, something to consider.

Esports is a timely topic as the local media industry wrestles with secular shifts in audience fragmentation and shifts across different platforms, devices and types of content.

Esports is offering:

- Fast Growing Audiences
- Hard to Reach Demos
- Incremental Revenue Streams
- Location-Based Leagues

What can we expect next? Let’s meet our guest panel.
WELCOME TO THE PANELISTS

Nick Barrionuevo
Head, Gaming Partnerships
Samsung Ads

Paul Brewer
CRO
Rival

Dave Madden
EVP, OTT & Gaming
Simulmedia

Nicole Pike
Global Head – Gaming & Esports
YouGov

David Tucker
SVP, Strategy
MAGNAGlobal
As Gaming Partnerships Lead for Samsung Ads, Nick Barrionuevo, a senior executive with over 15 years of experience, oversees Gaming industry media partnerships with publishers, agencies, content providers, and platforms across Samsung’s smart devices ecosystem, including TV and Mobile.

Prior to Samsung, Nick has worked in emerging media, brand partnerships, and gaming roles developing strategic product and advertising solutions at Microsoft, Machinima, and Warner Bros.
Paul Brewer has a rare mix of traditional sports and esports experience, serving in leadership positions at a wide range of media companies, brands and properties.

Most recently, he served as Senior Vice President, Global Sponsorships at ESL, the world’s largest esports company. Brewer was responsible for driving sponsorships of ESL’s global assets with both endemic and non-endemic brands and properties.

Prior to ESL, Brewer worked at Warner Media’s Turner Broadcasting overseeing Sales Development and Marketing across Turner Broadcasting’s digital sports properties.

Brewer started his career at ESPN in their Special Events Marketing department.

Brewer holds a Master’s Degree in Sports Business from New York University.
Dave Madden  
**EVP Video Games and OTT, Simulmedia**

Dave is responsible for extending Simulmedia advertising platform into Console/HD video games and OTT platforms.

Prior to joining Simulmedia, Dave was the SVP of Global Brand Partnerships at Electronic Arts for 9 years. In his role with EA, he led video game sponsorships, in-game advertising solutions and brand partnerships, across mobile, PC, console and esports on a global basis.

Before EA, Dave was a founding member and EVP of WildTangent, an innovative online games platform company. While at WildTangent, he and his team developed the first “rewarded ad” in video games, Brandboost, which became the default ad model for mobile video games today.

Dave graduated from Princeton University.
Nicole is one of the esports & gaming sector’s most-respected experts, boasting 13+ years of experience in consulting, custom research, sales forecasting, brand tracking, and sponsorship measurement in the space.

She has built her career collaborating with major players in the industry to build meaningful data streams and insights and shaping industry standards for measurement of esports.

In a role specially created for her at YouGov, Nicole is designing the future of the company’s analytics in the esports and gaming sectors, building on what are already some of the industry’s deepest and most sophisticated research tools.
MAGNA, the centralized Mediabrands resource, provides strategic investment and media intelligence for agency teams and clients.

Prior to MAGNA, David spent five years leading planning and strategy at award-winning independent media agency SwellShark.

David has also held strategy roles at UM, McCann Worldgroup, and Bain & Company.

David is a passionate advocate for the use of media and ad tech to solve business challenges and cultivate audiences for brands and businesses to thrive long term.
State of Esports & Gaming - 2021

ZACH OSCAR
Consultant, HocusFocus
VIDEO GAMING ECOSYSTEM

- PUBLISHERS
- GAMES
- GAME STREAMING
- STREAMERS
  - NON-ESPORTS
  - ESPORTS
Entities that finance development of video games

- In-house
- Third party developer subsidiary

Develop and implement “go to market” strategy

- Partnerships
- Activations

Reap rewards and/or failures
## TOP PUBLISHERS

<table>
<thead>
<tr>
<th>RANKING</th>
<th>COMPANY</th>
<th>REVENUE (BILLIONS)</th>
<th>NOTABLE RELEASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tencent Games</td>
<td>$92.4</td>
<td>League of Legends</td>
</tr>
<tr>
<td>2</td>
<td>Sony Interactive</td>
<td>$88.4</td>
<td>God of War</td>
</tr>
<tr>
<td>3</td>
<td>Nintendo</td>
<td>$64.7</td>
<td>Mario, Zelda, Pokemon</td>
</tr>
<tr>
<td>4</td>
<td>Microsoft</td>
<td>$63.1</td>
<td>Halo, Gears of War</td>
</tr>
<tr>
<td>5</td>
<td>Activision Blizzard</td>
<td>$49.7</td>
<td>Overwatch, World of Warcraft</td>
</tr>
<tr>
<td>6</td>
<td>Apple</td>
<td>$45.2</td>
<td>App Store Games</td>
</tr>
<tr>
<td>7</td>
<td>EA</td>
<td>$40.0</td>
<td>FIFA, Madden, Star Wars</td>
</tr>
<tr>
<td>8</td>
<td>NetEase</td>
<td>$30.0</td>
<td>PC/Mobile in China</td>
</tr>
<tr>
<td>9</td>
<td>Google</td>
<td>$29.8</td>
<td>Google App Store, Stadia</td>
</tr>
<tr>
<td>10</td>
<td>Bandai Namco</td>
<td>$24.2</td>
<td>Pac-Man, Dragon Ball Z</td>
</tr>
</tbody>
</table>

Source: Gamerant
Global:

- $180 billion worldwide revenue
  - Mobile
  - Console
  - PC
- 2.5 billion gamers worldwide

U.S.:

- $55 billion in revenue 2020
- 68% of U.S. persons 2+ play video games

Free-to-play Revenue: $98.4bn
One Time Payment Games Revenue: $24.5bn
# TOP 10 GAME FRANCHISES

<table>
<thead>
<tr>
<th>RANKING</th>
<th>COMPANY</th>
<th>ORIGINAL RELEASE</th>
<th>REVENUE (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mario</td>
<td>1981</td>
<td>$31.5</td>
</tr>
<tr>
<td>2</td>
<td>Pokemon</td>
<td>1996</td>
<td>$18.5</td>
</tr>
<tr>
<td>3</td>
<td>Call of Duty</td>
<td>2003</td>
<td>$18.1</td>
</tr>
<tr>
<td>4</td>
<td>Wii</td>
<td>2006</td>
<td>$14.8</td>
</tr>
<tr>
<td>5</td>
<td>Pac-Man</td>
<td>1980</td>
<td>$14.1</td>
</tr>
<tr>
<td>6</td>
<td>Space Invaders</td>
<td>1978</td>
<td>$13.9</td>
</tr>
<tr>
<td>7</td>
<td>Dungeon Fighter</td>
<td>2005</td>
<td>$13.4</td>
</tr>
<tr>
<td>8</td>
<td>FIFA</td>
<td>1993</td>
<td>$11.4</td>
</tr>
<tr>
<td>9</td>
<td>Street Fighter</td>
<td>1987</td>
<td>$11.2</td>
</tr>
<tr>
<td>10</td>
<td>Warcraft</td>
<td>1994</td>
<td>$11.2</td>
</tr>
</tbody>
</table>

Source: Gamerant
GAME STREAMING

Revenue Generation

- Digital Advertising (Pre, post, mid 15s+30s, banners, etc.)
- Subscription Revenue ($5)
- Sponsorships + Partnerships

HOURS WATCHED: TOP WESTERN STREAMING PLATFORMS

Q4 2019 - Q4 2020 | ON TWITCH, YOUTUBE GAMING, AND FACEBOOK GAMING
Streamers:

• Content Creators broadcasting live, on a platform, to an audience
• Vary in content – from ASMR to Casual Gaming to Esports
• Some play as individual brand, some as team brand
Esports:

- Organized, live competition
- Digital first format
- Comprised of multiple teams/players going head to head
- Akin to Traditional Sports
- Revenue: $1.1bn
A MULTIGENERATIONAL SPORT

Global Events (World Cup)

Major League System

Minor League System

Developmental - High School/College

Path to Pro System

LCS

ACADEMY LEAGUE

SCOUTING LEAGUE

COLLEGE CHAMPIONSHIP

playvs

FACEIT

NCAA
# Top Leagues by Prize Pool

<table>
<thead>
<tr>
<th>RANKING</th>
<th>COMPANY</th>
<th>PRIZE POOL (MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fortnite</td>
<td>$64.4</td>
</tr>
<tr>
<td>2</td>
<td>Dota 2</td>
<td>$46.7</td>
</tr>
<tr>
<td>3</td>
<td>CS:GO</td>
<td>$21.0</td>
</tr>
<tr>
<td>4</td>
<td>PUBG</td>
<td>$12.7</td>
</tr>
<tr>
<td>5</td>
<td>Overwatch</td>
<td>$9.1</td>
</tr>
<tr>
<td>6</td>
<td>League of Legends</td>
<td>$9.0</td>
</tr>
<tr>
<td>7</td>
<td>Magic the Gathering</td>
<td>$8.9</td>
</tr>
<tr>
<td>8</td>
<td>Call of Duty</td>
<td>$6.5</td>
</tr>
<tr>
<td>9</td>
<td>Arena of Valor</td>
<td>$5.8</td>
</tr>
<tr>
<td>10</td>
<td>Rainbow Six</td>
<td>$4.1</td>
</tr>
</tbody>
</table>

Source: EsportsObserver/2019
ADVERTISING: VIDEO GAMES AND ESPORTS
ADVERTISING OPPORTUNITIES

Sponsorships

- Leagues
- Streamers
- Teams
- Events

Native Video

- Pre-roll, post, 15s, 30s
- Mobile video, desktop video
- Traditional digital advertising – banners

Product Placement
QLED
Cyberpunk Limited Edition

A TV so exclusive, you can't buy it. You'll have to find it...
PRODUCT PLACEMENT

NFL + Fortnite

Louis Vuitton + League of Legends
Back to Basics: Gaming vs. Streaming vs. Esports

1. **US Gamers (71%)**
   - Play games on any platform

2. **US Streaming Engaged (25%)**
   - Watch and/or stream gaming video content (GVC)

3. **US Esports Fans (7%)**
   - View and/or attend esports events, or regularly follow esports

Source: YouGov Esports & Gaming Research Deep Dive Survey, Q3 2020
Esports fans are of a desirable demographic, and have well above average disposable income.

**Gender**

- Female: 69%
- Male: 31%

**Age**

- 18-24: 24%
- 25-34: 36%
- 35-44: 25%
- 45+: 15%

**Household Income**

- Under $30k: 28%
- $30-$59k: 22%
- $60-$149k: 29%
- $150k+: 11%

**Education**

- High School Graduate: 59%
- Bachelor's Degree: 22%
- Postgraduate Degree: 13%

**Employment**

- Employed: 57%
- Student: 11%
- Retired: 5%
- Other: 25%

**Marital Status**

- Married: 39%
- Never Married: 46%
- Other: 15%

**Home Ownership**

- Own: 49%
- Rent: 23%
- Other: 20%

**Parent/Guardian**

- Yes: 52%
- No: 44%

**Background**

- White: 45%
- Black: 16%
- Hispanic: 23%
- Other: 15%

**Type of Area**

- Suburban: 27%
- Urban: 50%
- Town: 10%
- Rural: 12%

THANK YOU TO OUR PANELISTS

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EVP, OTT & Gaming
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David Tucker
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Conclusions

• Esports is becoming more broadly accepted as a legitimate media platform with high growth spending potential in paid media advertising and sponsorships from leagues, teams, venues and distributors.

• It’s also showing high audience growth rates, particularly in younger demo groups that are hard to reach elsewhere.

• While it is a complex ecosystem, it is worth figuring out and determining priorities for entering and participating in the parts of this market that look to make the most sense.

• BIA is here to help you assess the opportunity. Contact us at info@bia.com if you’d like to set up a time to discuss further.


Thank you for attending!
Examples of How Our Clients Work with BIA Advisory Services

In esports or other areas our goal is to help you achieve your business goals.

We can help with assignments such as:

- **Corporate positioning and branding**: We’ll create thought leadership, content marketing pieces for lead gen and engagement.

- **Corporate briefings**: Provide informative and actionable briefings on market conditions for Board, C-suite, division heads

- **Market sizing and projections**: Prioritizing and directing resources, business modeling, opportunity assessments.

- **Sales planning and strategy**: Budget forecasting scenarios, analyzing performance of product mix, direct and channel strategies.

- **Competitive intelligence**: Insights into what your competitors doing and how they compare to your current, planned strategies.

- **Product strategy and road mapping**: Customer segmentation, use cases, product evolution, product margin analytics, trends.

- **Strategic planning**: Lead strategy planning sessions and initiatives with facilitation, presentations, SWOT analyses, etc.

- **Investment and M&A**: Due diligence on potential investors, acquirers or acquisition targets, company and sector briefing books.