McKinsey & Company

Esports as a Sponsorship Asset?

What CMOs should know

Contents

Introduction and key messages

On November 10, 2019, tens of thousands of young fans gathered in the sold-out AccorHotels Arena in Paris while 44 million viewers watched broadcasts in 16 languages on over 20 platforms.[1] Together they witnessed professional athletes compete for millions of dollars in prize money – by playing a computer game! While this is hard to imagine for some CMOs, it is very normal for others – especially millennials and younger generations.

By now it is clear that the phenomenon of esports is not just a hype, but a global industry that is here to stay. Still, there is uncertainty among marketers as to whether they should add esports sponsorship to their portfolio or remain on the sidelines. Specifically, marketers wonder how esports sponsorship might be similar to their existing assets, such as traditional sports sponsorships, and how it should be treated differently.

Definition of key terms

Esports has become a buzzword that is subject to multiple interpretations. To establish a common understanding, we have defined the term and its multiple contexts as used in this report:

Esports is a specific subset of online gaming with a focus on the competition between human players – both amateurs and professionals – in a video/computer game with predefined rules.

Professional esports (the focus of this report) is a subset in which esports is the primary source of income for individuals and organizations. This excludes amateur esports and includes professional competition and influencers.

Professional esports competition involves esports athletes competing in organized formats, i.e., as members of professional teams in tournaments – complete with livestreamed professional commentary and an in-stadium audience – and for (often significant) monetary prizes.

Professional esports influencers produce content on esports games (livestreams, VODs[2], podcasts, social media content) outside of professional gaming competitions.

Let´s go

Take my ene

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[1] Official numbers by Riot Games, https://nexus.leagueoflegends.com/en-us/2019/12/2019-world-championship-hits-record-viewership/.
[2] Video on demand.

Esports as a Sponsorship Asset?

Context

Endemic sponsors (i.e., sponsors from inside the esports ecosystem, such as software, computer component, and peripheral manufacturers) have invested in esports since its beginning. Today nonendemic brands account for 60 percent of esports partnerships[3], and this report will focus specifically on the sponsorship opportunity for them.

With a 23 percent share of global revenue, Western Europe is a highly relevant esports market.[4] Our insights focus on this region and are based on McKinsey research on the German market in particular.

Key insights

This report explores four central and pressing questions for the CMOs of any nonendemic brand and answers them by yielding the following key insights into the marketing characteristics of esports assets.

Why should I consider esports sponsorship and what is there to sponsor?

Growth. Esports, despite being a very new phenomenon, is growing and can compete with traditional sports in many economic aspects — from prize pools to viewership to fan monetization. Its resilience in the face of the current COVID-19-related shutdowns is much higher than that of traditional sports.

(See "1. Outline of the global esports space")

What kind of esports sponsorship will reach my brand's target audience?

Audience. Esports sponsorships have the potential to reach a young, mostly male audience in a more targeted way than traditional sports sponsorships.[5] We show that even within esports there are notable differences in audience characteristics.

(See "2.1 Different esports games reach different audiences")

How do I measure relevant reach of my esports asset to compare it to other assets in my portfolio?

Reach. A rigorous marketing ROI framework can help track your outcomes, compare esports assets with traditional assets, and refine your sponsorship strategy. We show how to break down reach measures to a desired target audience and how this "honest" reach assessment can result in higher efficiency than other sponsorship assets, depending on the targeted audience.

(See "2.2 Global gross reach is not relevant reach for your brand")

What risks are associated with esports sponsorship, and how can I mitigate them?

Risk mitigation. The right approach and dedication are required, as there are risks, including reputational risks, associated with esports sponsorship. We show which risks need to be taken seriously and which are common misconceptions.

(See "3. Three things to consider before embarking on an esports journey")

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[3] SuperData's 2019 Year In Review: Digital Games and Interactive Media, https://www.superdataresearch.com/.
[4] Newzoo's 2020 Global Esports Report, https://newzoo.com/insights/trend-reports/newzoo-global-esports-market-report-2020-light-version/.
[5] This does not mean that esports fans are only reachable via esports. MRI-Simmons' "Justifying Brand Investments in eSports" report from December 2018 states that 95 percent of esports fans in the US are also fans of traditional sports, and Nielsen's "The Esports Playbook" from 2017 states that US esports fans spend 4.4 hours per week on average watching linear TV.

Methods

Our findings are derived from:

Key insights into the costs and reach of esports sponsorships from our case partner, ESL[6].

Lessons from helping a nonendemic German brand develop its esports sponsorship strategy.

Consumer insights from social media listening to gain a better understanding of esports audiences' other interests.

Two consumer surveys in Germany of a) more than 1,000 respondents familiar with the term "esports" on the reputation of esports and brands in esports and b) 1,000 gamers with an interest in esports on brand memorability.

Industry publications (e.g., Newzoo: "2020 Global Esports Report"; Simmons: "Justifying Brand Investments in Esports," 2018; Nielsen: "The Esports Playbook," 2017).
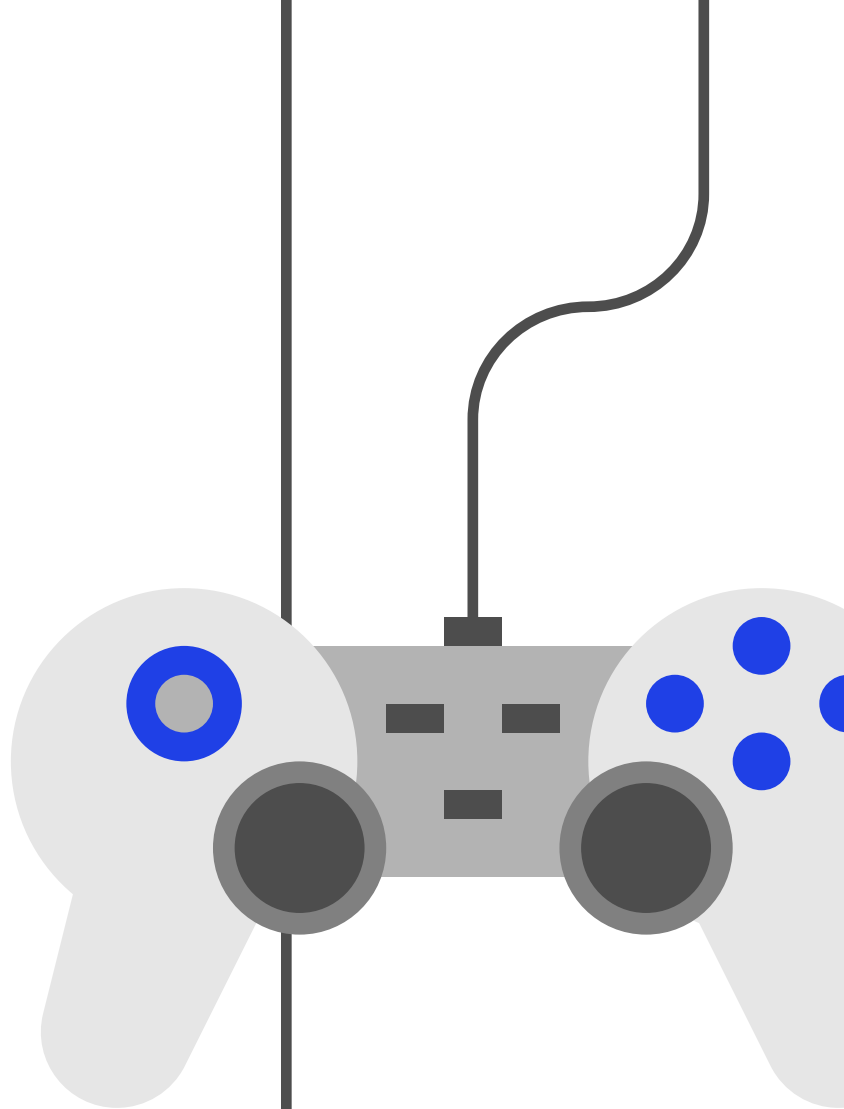
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1. Outline of the global esports space

Most CMOs are very familiar with traditional sports marketing and wonder how esports marketing compares. This chapter gives a short introduction on current size and expected growth of the esports market – also in light of the ongoing COVID-19 pandemic – and highlights the main differences to traditional sports ecosystems and fans.
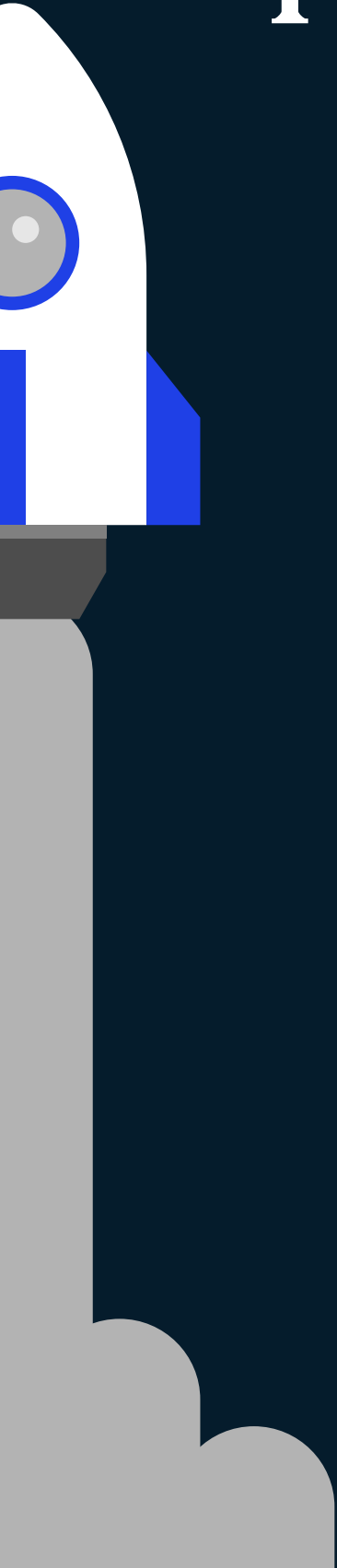
1.1 Key facts and figures of the global esports market

Esports already has a considerable market size, surpassing many traditional sports in terms of both revenue and viewership. Globally, the industry hit USD 950 million in revenue in 2019 and is expected to reach USD 1.1 billion in 2020. Most of the revenue (58 percent) is forecasted to come from sponsorships.[7] The esports audience is projected to hit close to 500 million enthusiasts and occasional viewers in 2020.[8] Combined, these numbers reflect over 15 percent growth in revenue and over 10 percent growth in audience size year over year.

The latest record for in-stadium audience numbers was set by tournament series "ESL One" in combination with the 2019 Intel® Extreme Masters (IEM) World Championship in Katowice's Spodek Arena with 174,000 fans attending the tournaments and surrounding expo over the course of two weekends, while 232 million unique viewers watched online.[9] The 2020 event was unfortunately not able to set new records for the in-stadium audience due to the COVID-19 outbreak but set new viewership records by being the first Counter-Strike: Global Offensive (CS:GO) tournament with over one million peak concurrent viewers.[10]

Other interesting ratios in esports figures show phenomena that might be unintuitive to sports marketers: sports simulations are not the biggest esports titles; new games become popular in a matter of weeks; and content is mainly consumed in English.

1. There are multiple genres and titles in esports, just as there are different types of traditional sports. Of these genres, simulations of "on-the-field" and "on-the-court" sports, like the FIFA or NBA 2K video game series, are far less watched than other genres. In 2019, people across the world watched over 1 billion hours each of League of Legends and Fortnite on Twitch but only 165 million hours of FIFA.[11]

2. New games are continuously disrupting the market and, for some, the fan following is immediate. 125 million people had played Fortnite just 9 months after it launched in September 2017,[12] while Apex Legends hit 1 million players in just 8 hours and 50 million players 1 month after launching in February 2019.[13] On April 7, 2020, the closed beta of the new game Valorant launched and was watched for a total of 34 million hours by 1.7 million peak concurrent viewers on this day.[14]

3. Western European fans consume esports competition mainly in English. Of the 44 million peak concurrent viewers at the League of Legends World Championship 2019, only 140,000 watched the German stream.[15]
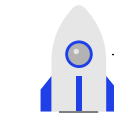
Total hours watched on twitch.tv in 2019

1.1 bn
Battle royale game "Fortnite"

0.17 bn
Sports simulation games "FIFA19" and "FIFA20"

Apex Legends players

50 m
1 month after launch

1 m
8 hours after launch

Peak concurrent viewers of the 2019 League of Legends World Championships

44 m
English

0.14 m
German

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[7] Global Esports Market Report, Newzoo, 2020, newzoo.com.

[8] Global Esports Market Report, Newzoo, 2020, newzoo.com; Newzoo defines "esports audience" as people who watch professional esports content regardless of frequency. They differentiate between esports enthusiasts (who watch more than once a month) and occasional viewers (who watch less than once a month). Other reports usually quote lower numbers as their definitions are stricter. Research firm MRI-Simmons, for example, estimates less than half as many esports fans for the US. In their definition, esports fans are 13- to 49-year-olds who have: watched esports for at least 1 hour in the past 12 months, correctly described the definition of esports, watched at least 1 out of 14 predefined game franchises but not the fake game franchise "Fight City."

[9] Official numbers from ESL; https://about.eslgaming.com/blog/2019/03/esl-and-intel-welcomed-174000-fans-at-worlds-most-attended-esports-event-and-most-watched-esl-csgo-tournament-ever/.

[10] Extracted from Esports Charts; https://escharts.com/tournaments/csgo/iem-katowice-2020-csgo.

[11] SullyGnome – Twitch statistics and analysis, https://sullygnome.com/.

[12] Official numbers from EPIC.

[13] Official numbers from EA.

[14] Official Twitch numbers. Riot Games, the developer of League of Legends and now Valorant, boosted viewership numbers by offering a chance to get invited to closed beta by watching Valorant streams on Twitch.

[15] Official numbers from Summoners Inn (German broadcasting partner for the League of Legends World Finals).

Esports in times of COVID-19

Most insights presented in this report stem from before COVID-19, and marketers are asking how the current situation changes the insights. Like traditional sports, professional esports has been compelled to cancel major events: IEM Katowice, an esports event that set the record for the largest in-stadium esports audience in 2019, had to be held in an empty arena this year. It was the first esports event affected by the epidemic, and many other events also had to be postponed, canceled, or held without an audience.

But the emergence of new formats in the first weeks of the pandemic shows that esports is comparably well equipped to handle this crisis. Many leagues are continuing their formats online, and interest in esports games is rising:

CS:GO hit new all-time player records with over a million concurrent players in March 2020. Additionally, our consumer survey shows that heavy users, who play/consume more than once a week, increased by approximately 30 percent (see Exhibit 1).
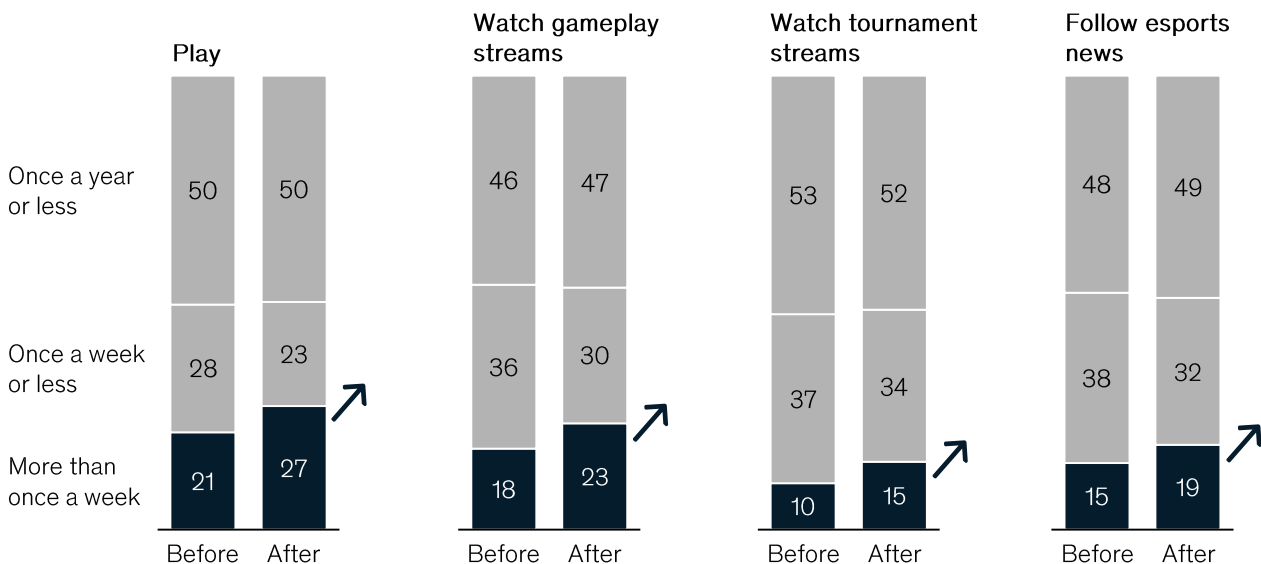
Traditional spectator sports have also used esports as a way to stay connected with their fans, bringing esports and traditional sports closer together in the long run: e.g., NASCAR organized replacements for their canceled matches with the virtual racing simulation iRacing, thereby setting new records for viewership numbers of esports on linear TV. To fill the void caused by postponing professional Dota 2 matches, tournament organizer "WePlay!" organized a global online charity tournament in which renowned

teams and broadcasting talent participated to collect donations for the Coalition for Epidemic Preparedness Innovations (CEPI). These examples demonstrate the agility and passion-driven nature of esports and could position it as an even more interesting candidate to contribute to the sponsorship portfolio in the "new normal."

Exhibit 1

Esports has not seen many newcomers since the emergence of COVID-19, but the share of heavy users, who play/consume more than once a week, increased by ~30%

Esports consumption before and after COVID-19
Percent

	Play		Watch gameplay streams		Watch tournament streams		Follow esports news	
	Before	After	Before	After	Before	After	Before	After
Once a year or less	50	50	46	47	53	52	48	49
Once a week or less	28	23	36	30	37	34	38	32
More than once a week	21	27	18	23	10	15	15	19

Source: Online survey among Germans familiar with the term esports, n = 970, April 2020

1.2 Comparison of the esports ecosystem to traditional sports

Esports has become a global spectator activity with an ecosystem of stakeholders that is approaching a comparable degree of professionalization to traditional sports and shares structural similarity (see Exhibit 2). For example, much like in traditional sports competitions, world-class esports athletes (1) have contracts in organized teams with coaches, nutritionists, and physiotherapists (2).

For each video game there are a series of tournaments and leagues (3) for teams to compete in and determine the best in the world. Prize money in these competitions has reached or exceeded that of many traditional sports competitions in the past year. For example, Dota 2's "The International" championship awarded over USD 34 million (over USD 33 million of which was crowdfunded) and the 2019 Fortnite World Cup Finals awarded USD 30 million in total prize money.

On the spectator side, the professionally produced broadcasts (4) are distributed via various media. Compared to traditional sports, this predominantly happens via streaming (e.g., Twitch, YouTube, Mixer). Linear TV for esports has been popular in South Korea but does not generate the same traction in Europe and North America.[16]

The majority of esports content on streaming platforms, however, is not competitions; it is gaming content created by influencers (5) that are not necessarily top-tier esports athletes.[17]

Another major difference is the presence of game developers (6) in the back end of the ecosystem who hold the intellectual property of the game titles and can therefore decide how content can be used. There are cases where the developer also functions as the operator (7) for major leagues, while in other cases the whole league or parts of it are outsourced to independent operators.

Due to the fans' direct interactions with all elements of this ecosystem, each element, ranging from athletes and influencers to leagues and tournaments to operators, is a potential sponsorship asset.

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[16] With the exception of the aforementioned NASCAR matches and other esports content that was brought to linear TV due to the lack of other content during COVID-19-related restrictions.

[17] In fact, some stars from traditional sports, like the German football player Marco Reus, function as influencers and brand ambassadors in esports.

Exhibit 2

Ecosystem of professional esports compared to traditional sports

■ As in traditional sports   ■ Different in esports

Sometimes integrated players

Own

(6) Game developer

(7) Competition operators

Produce

Organize

Online platforms

Host

Back end

Front end

Game

Played by

(1) Athletes

Represent

Sometimes overlaps

(2) Teams

Compete in

(3) Leagues/ tournaments

Distributed via

Direct fan interaction

(4) Broadcasts/ streams, social media content

+ Other influencers (5)

Played by

Create

+ Other content

Esports as a Sponsorship Asset?

1.3 Esports' special target audience

Esports is relevant for brands as it reaches a very narrow subsegment of the online population and is, therefore, a good way to specifically target this segment.

Age, educational, and income demographics suggest that many esports fans are on the verge of starting jobs with an above-average salary: esports is mostly consumed by a young (on average 26 years of age), male (over 70 percent), tech-savvy, and highly educated group,[18] making sponsorship not only an opportunity for a company to advertise its product but also to promote its brand as an employer.

Esports fans are also quite discerning and, according to ESL CMO Rodrigo Samwell, not easily satisfied. Any attempts to connect with them will need to be perceived as genuine.

To learn more about the interests of German esports fans within a certain age range, we used AI-driven consumer insights from social media listening[19] to analyze a potential new target group.

Case example: How German esports fans differ from football fans

We wanted to compare the interests and affinities of esports fans who are active on social media to those of their football fan counterparts. Exhibit 3 shows some key differences as well as some similarities that are of particular interest for nonendemic companies:

— Esports fans are more interested in "technology and electronics," "cars and mobility," and "business and career" categories.

— Esports fans like being entertained given their affinity for "literature," "movies and TV," "music and radio," or "internet and social media" categories.

— Esports fans are less interested in "beauty and wellness," "fashion and accessories," "kids and family," and "home and garden".

— Compared to the overall social media population, both esports and football fans enjoy living the good life with a high interest in the "food and beverages" category, including food delivery.

"Esports fans are a very demanding audience. One of the most important lessons we teach our partners is that they have to connect to esports fans in an authentic way."

Rodrigo Samwell, Chief Marketing Officer at ESL

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[18] Nielsen: "The Esports Playbook," 2017.
[19] McKinsey analysis on Rascasse data on German social media population from December 2019, https://rascasse.com/ – social media listening observes the online behavior of millions of users by monitoring interactions on all major digital platforms, including social media, search engines, Wikipedia, e-commerce, and streaming sites.

Exhibit 3

Esports marketing reaches an audience that is interested in fundamentally different categories compared to traditional sports like football

Affinity per interest category

■ Football ■ Esports

Category	
Beauty and wellness	
Home and garden	
Kids and family	
Fashion and accessoires	
Food and beverages	
Music and radio	
Business and career	
Literature	
Movies and TV	
Internet and social media	
Cars and mobility	
Technology and electronics	

Social media users interested in football are 1.4x more likely to be interested in beauty and wellness than the average German social media population, whereas social media users interested in esports are 0.8x as likely to be interested in beauty and wellness than the German social media population

Social media users interested in football and esports are 1.2x more likely to be interested in food and beverages than the average German social media population

Source: McKinsey analysis on Rascasse data, December 2019

Esports as a Sponsorship Asset?

2. Specifics of successful esports marketing

There are many paths to creating a customized, innovative marketing strategy in esports to complement a traditional sports sponsorship portfolio. Brands can engage with esports fans in multiple ways and use assets from across the esports ecosystem (see 1.2). At the same time, there are challenges facing CMOs in achieving sufficient reach in esports.

Therefore, in every step of developing a successful marketing strategy, esports gives marketers some extra homework to do. In this chapter, we give a sneak peek into two of the many additional considerations we made in a case study in Germany: understanding nuances within esports fandom and estimating relevant reach.

For more details on challenges in esports sponsorship, please refer to our recent article "The keys to esports marketing: Don't get 'ganked'" on mckinsey.com.
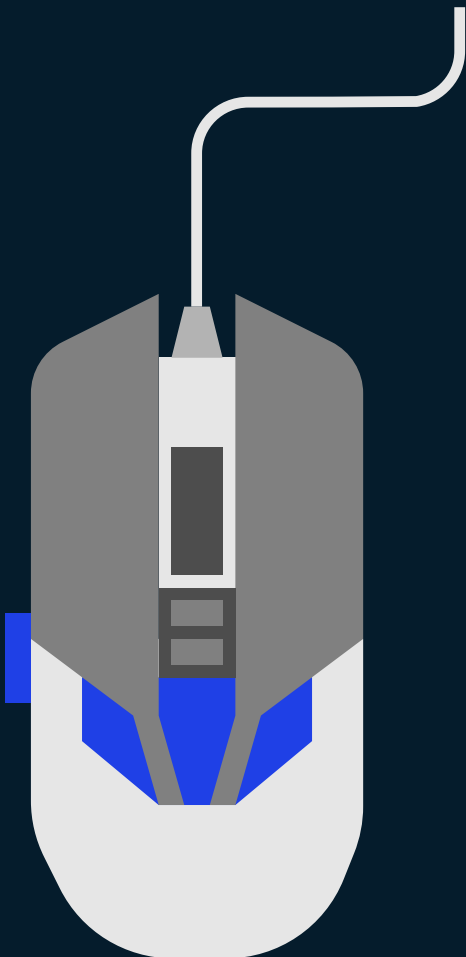
2.1 Different esports games reach different audiences

There are two dimensions from which marketers can choose their esports assets: game title and type of content. Our example focuses on the choice of game title.

The esports audience is not homogenous across games. In our case study we analyzed affinity data[20] of esports fans compared to the overall online population in Germany and found distinctive affinity profiles that can be clustered into four categories of esports fans: mature esports titles, newer esports titles, sports simulations, and niche esports titles. Brands should thoroughly assess which of these segments they want to address.

Besides understanding esports fans' varying affinities for different product categories, brands should consider additional factors. For example, the game content should fit with brand guidelines, where, for example, some brands are not willing to sponsor esports that are rated PEGI 18[21] (see 3.3 on reputational risks). Also, some combinations of game title and type of content are not possible due to restrictions by the game publisher. For example, not all game titles have white label tournaments where a brand can be a title sponsor.

Case example: Affinity clusters of esports fans in Germany

Affinity data of esports fans in Germany revealed four clusters – clearly describing distinctive lifestyle interests based on the esports category:

Fans of mature esports (e.g., League of Legends, CS:GO): enjoy self-optimizing, like fast vehicles, are interested in e-commerce and business.

Fans of newer esports (e.g., Fortnite): closest to fans of mature esports, distinctive emphasis on outward appearance.

Fans of sports simulation games (e.g., FIFA): highly interested in a wide variety of sports, care about their personal health.

Fans of niche esports (e.g., StarCraft II): like colorful, thrilling stories and entertainment, are interested in gathering knowledge, enjoy living comfortably.

Exhibit 4 displays a selection of interest categories for the four clusters. Affinity for movies, literature, and food is higher than in the average German online population regardless of esports titles. However, movies-related brands should consider catering to fans of newer esports, while literature-related brands should rather address fans of niche esports.
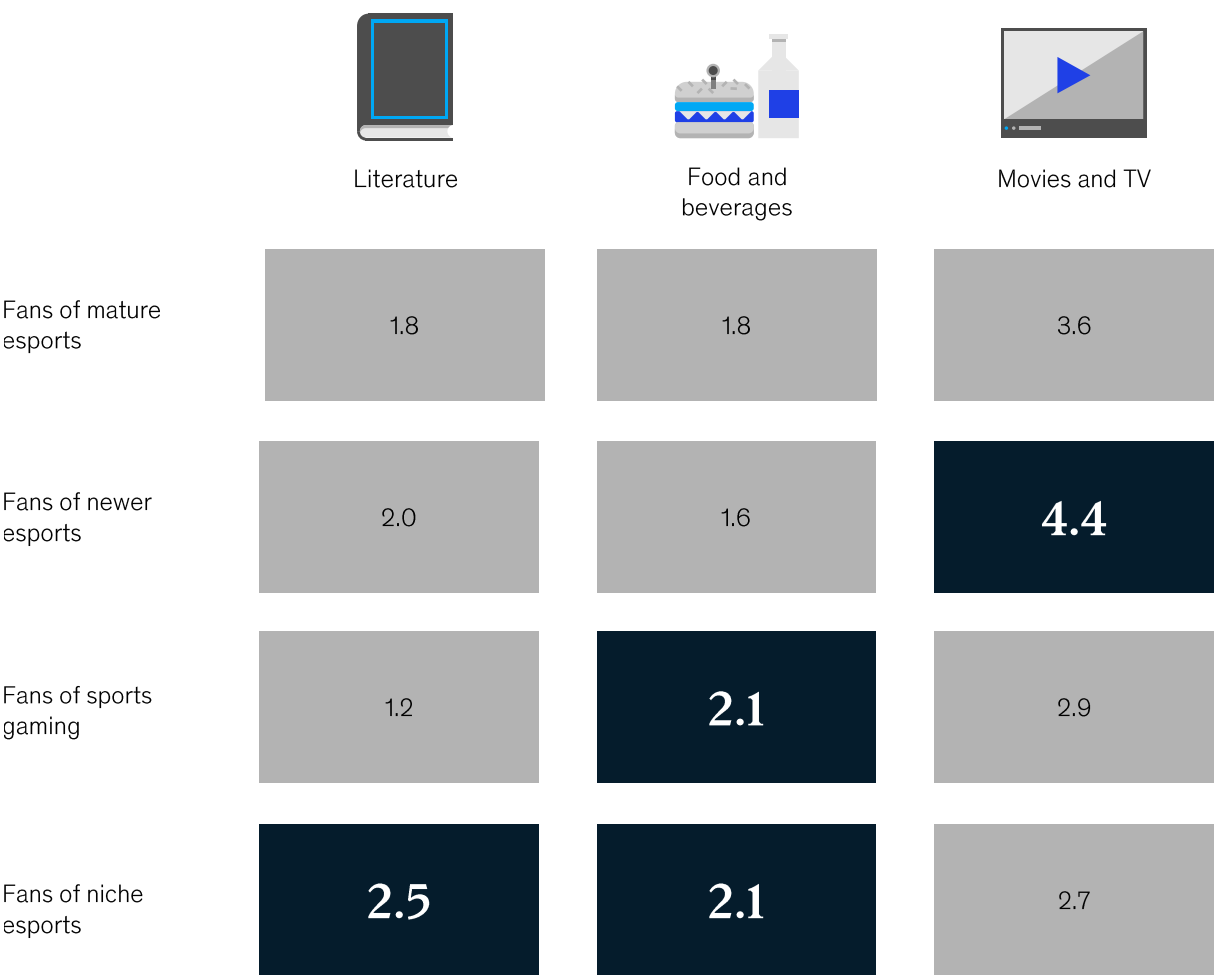
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[20] Rascasse data on online population in Germany from December 2019, https://rascasse.com/.
[21] PEGI (Pan European Game Information) provides age classifications for video games. Counter-Strike: Global Offensive is an example of a PEGI 18 game and received this classification due to frequent realistic-looking violence, https://pegi.info/.

Exhibit 4

The degree to which esports fans are interested in a particular non-esports category heavily depends on the games they consume

Affinity for selected interest categories by cluster of esports titles
1.0 = reference affinity for German online population, **cluster with the highest affinity for this category**

	Literature	Food and beverages	Movies and TV
Fans of mature esports	1.8	1.8	3.6
Fans of newer esports	2.0	1.6	**4.4**
Fans of sports gaming	1.2	**2.1**	2.9
Fans of niche esports	**2.5**	**2.1**	2.7

Source: McKinsey analysis on Rascasse data, December 2019

2.2 Global gross reach is not relevant reach for your brand

From the narrowed-down solution space, the best initial guess for an asset is chosen by quantitatively comparing different investment alternatives. A heuristic ROI model with a clear link to previously defined objectives makes sponsorship options comparable and transparent, helping to inform decisions.

RCQ is an MROI heuristic that enables comparisons of sponsorship values between different asset options and sponsorship areas.[22] It is used to measure reach, cost, and quality of any sponsorship engagement with the same metrics, thus enabling comparisons across all marketing activities.

While costs can be accurately measured and quality scores can be derived from the experiences of industry experts and often do not move the needle drastically, reach numbers are highly debated in esports. Reported gross reaches for esports events are usually directly derived from streaming platforms and are typically inflated. Additionally, esports' global nature results in reaching many people who might not be in the right region for a particular brand.

In our case study, we focused on opening a new customer segment for 18- to 29-year-olds in Germany and had to adjust the reach for this particular audience.

Exhibit 5 shows an example where reported viewership numbers were corrected for factors like repeated viewers,[23] tuned-out viewers[24] that are not actively aware of the content, and viewers outside the target group. As a result, the initially reported gross reach of over 1.5 billion impressions was corrected to a more informative unique reach in the aspired customer segment of 2.2 million impressions.
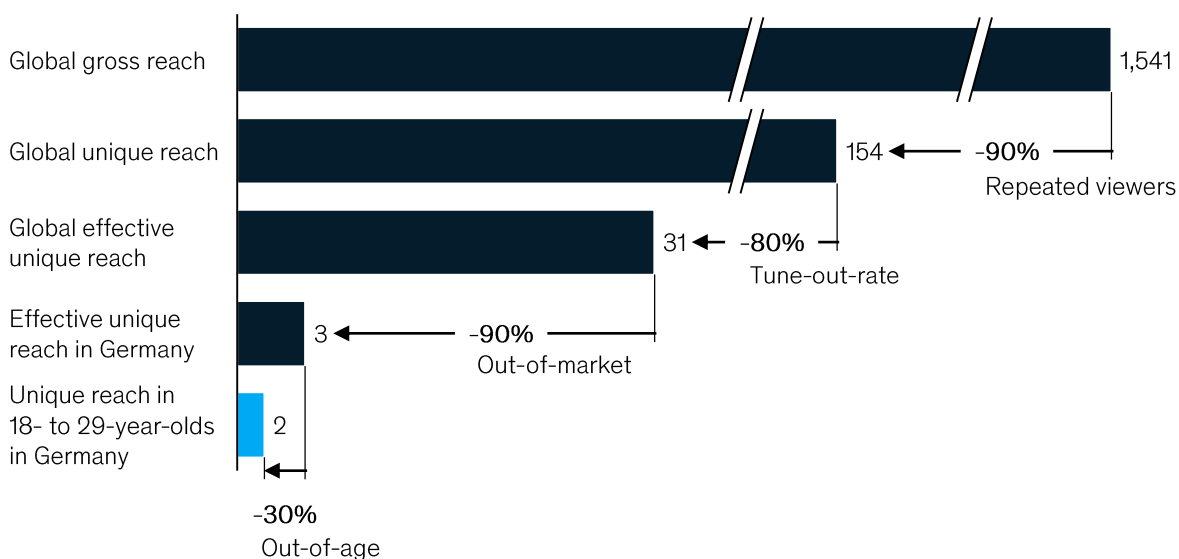
After analyzing other potential esports assets and comparing them to the existing sports portfolio in our case study, we found that while the total relevant reach of traditional sports assets in the portfolio of this client was bigger, it was also less targeted than many esports assets. Therefore, in this specific case, the potential esports asset was more efficient in reaching the aspired younger target audience.

Exhibit 5

Rigorous sizing of relevant reach is at the core of a meaningful sponsorship assessment

Reach analysis for an international major tournament series
In million impressions

Global gross reach	1,541
Global unique reach	154 ← −90% Repeated viewers
Global effective unique reach	31 ← −80% Tune-out-rate
Effective unique reach in Germany	3 ← −90% Out-of-market
Unique reach in 18- to 29-year-olds in Germany	2

−30% Out-of-age

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[22] To read more about RCQ and other marketing ROI, see McKinsey on Marketing & Sales' collection of articles on MROI.
[23] Repeated viewers are very high in this case example, as the event consisted of several days of content, and viewers who watch the stream every day for its full length already count as a new viewer every day and every time they turn the stream on and off within one day.
[24] In esports, even more than in sports, not all viewers follow the content consciously. Many watch on their PC instead of a TV screen and use their PC for other things while the stream runs in a browser tab in the background.

3. Three things to consider before embarking on an esports journey

Before CMOs embark on an esports journey, they should thoroughly examine whether they and their company 1) can convincingly build credibility and be authentic with the target audience, 2) are capable of investing in developing the required organizational knowledge, and 3) have evaluated the potential reputational risks and planned ahead to mitigate them. In the following, we discuss the context and details of these topics, with findings from two very recent consumer surveys.

3.1 Being authentic with the esports audience is a key success factor

As mentioned before, it is essential to build credibility and convey your true interest in esports without "trying too hard." A survey from December 2019 looked specifically at how memorable nonendemic brands were in comparison to endemic brands.[25] Survey results suggest that there is no need to worry about nonendemic sponsors having disadvantages compared to endemic sponsors. Memorability of nonendemic brands increased over the last few years and was recently higher (53 percent) than for endemic brands (43 percent).

It is important, however, that the sponsorship content is activated properly: prominently placed sponsors of ESL tournaments are four times more memorable than suppliers without prominent placement. Prominently placed sponsorships could include sponsoring an MVP award or best gameplay moments, contributing to a giveaway, providing game-specific analytics, and many other creative activation strategies.

3.2 Expertise enables agility

Esports is a very volatile industry: new game titles, teams, and streamers emerge and decline much faster than in traditional sports. For example, many teams make changes to their lineups after major tournaments, like the Dota 2 roster of Team Liquid when they left the organization right after placing second at "The International 2019" to form their own team.[26] Player transactions are normal in any sport, but in esports, fan loyalty lies more with the players and less with the teams.[27] While some view this dynamism as risky, it gives marketers the chance to stay one step ahead of competing brands.

Therefore, it is important to develop esports knowledge in your company. Given the high number of esports enthusiasts, it is likely you already have esports enthusiasts on your team without even knowing it. Involving them will make it much easier to identify new trends, use the right language with your audience, and have an insider opinion on campaign ideas.

Insights from gamers on your team can accelerate ideas for new activation strategies, but it will still take rigorous testing to find the right asset — reiterating based on ROI outcomes leads to agility.

Guidance for your decision:
Even as a nonendemic sponsor, it is likely your sponsorship will resonate with the esports audience as long as you are authentic and willing to let your approach evolve with fan reactions.

Guidance for your decision:
If you want long-term success, you should find someone passionate about esports for your team. This will make building and reiterating your portfolio a lot easier.

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[25] INNOFACT AG, "Brand Monitor: E-Sports," wave 5, December 2019, among n = 1,000 Germans between the ages of 14 and 69 who consider gaming their hobby and watch professional esports on streaming platforms or in stadiums.
[26] Official announcement by Team Nigma https://twitter.com/TeamNigma/status/1199097770075967490.
[27] Refer to "4. Fan loyalty is split among teams, pro players, and independent streamers" in our previous article "The keys to esports marketing: Don't get 'ganked'".

3.3 There is a certain reputational risk regarding traditional target groups, but, for the most part, it is manageable

Some brands are concerned that reputational risks among esports-skeptics could arise from engaging in esports, especially regarding esports titles that contain realistic-looking violence. Our customer survey in Germany of 2,272 participants,[28] of which 43 percent know what esports is,[29] showed that this risk is far outweighed by the benefits of reaching esports fans, as esports has an overall positive reputation. Even where the reputation is less than positive, sponsorships are barely visible to those who disapprove.

Of the participants who know what esports is, only 4 percent had a negative or very negative opinion of it, and only 2 percent have a negative or very negative opinion of brands who sponsor esports. Of the latter, four participants (0.4 percent of total participants who know what esports is) could accurately name a nonendemic sponsor that is active in esports. This shows that a spillover of the negative opinion to the brand is not to be expected, making the reputational risk low.

According to our survey, the choice of esports titles to invest in would only have a limited effect in further minimizing the remaining risk. People with a negative or very negative opinion of esports usually dislike all genres. The genres that are viewed most negatively are battle royale games (12 percent of those who know the genre) and first-person shooter games (10 percent of those who know the genre).

The main prejudice against esports is not its violent content, but commercialization and unhealthiness. When asked for five attributes participants would use to describe esports, the majority selected positive attributes like "fun" (64 percent), "promotes unique skills" (43 percent), and "promotes sports-like ambitions" (42 percent), while the most selected negative attributes include "commercialized" (30 percent), "not sports and bad for real sports" (16 percent), and "waste of time" (14 percent). Interestingly, some seemingly negative attributes were not viewed as negative by all participants. For example, 27 percent of those who selected the attribute "frustrating" think that this is positive in the context of esports. The attribute "violent" was only selected by 7 percent of participants despite it being a major concern for brands.

Guidance for your decision:
While it is certainly important to be aware of reputational risks, we usually do not anticipate negative spillover effects from esports sponsorship to a brand's traditional target group.

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[28] INNOFACT AG Consumer Survey April 2020, among n = 2,272 German participants between the ages of 14 and 65.
[29] n = 970 participants claimed to "know exactly what esports is" and did not know the fake esports genre "ABOT" that was introduced as a decoy in the survey.

Outlook

Esports marketing has significant potential to specifically target a young and tech-savvy audience, but is only one tool in your toolbox and should never simply replace other assets.

Our approach leads you through a data-based process to evaluate the available assets without relying on inflated viewership numbers. With minimal preparation and a modest investment in a small team, a pilot sponsorship allows you to build knowledge and credibility in esports. At the same time, you will understand how to balance your whole sponsorship portfolio and reiterate your strategy constantly.

If you are ready to take on the challenge, do not hesitate. There is still room for new brands to enter and experiment (and you want to experiment while RCQ scores are good due to the low costs compared to other assets), but the most attractive assets are rapidly filling up the sponsorship slots with nonendemic brands.

Discuss your opportunities with our marketing experts now to understand what steps to take to rejuvenate the target audience of your sponsorship.

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