

## The Scenario

You are a consultant for “Gaming for Life”, a new eSports strategy consulting firm. Your expertise is mainly focused on helping brands figure out the complex world of gaming/eSports, where they should invest, and how they should activate.

## The Industry

As eSports is a rapidly evolving industry, it is important to understand the ecosystem of how brands can get involved and how the business itself works. In some cases, it is structured similar to traditional sports; however; in other cases, the consumption, marketing, and management of eSports is quite unique. To help guide your investment and activation decisions, below is a brief overview of the infrastructure and key constituents of the eSports community.

**Publishers.** Publishers design, create and distribute video games. Their main revenue sources are game sales, the sale of game downloads, and in-game advertising and sponsorship. Publishers will own their own IP and decide how and where the game is turned into an eSport, as well as who can broadcast streams or other content. Some are actively involved in the start-to-finish development, marketing, and selling cycle, including creating their personalized own eSports events (e.g., Riot). Other publishers stay laser-focused on solely game creation and publishing, and allow third-party organizers to focus on the eSports element in order to bring their game to the competitive market.

**Competitions.** Competitions are leagues, matches and tournaments created and hosted by event organizers. Competitions are what differentiates traditional gaming from eSports, and they can be run by either a publisher (as stated above) or independent organization (e.g., ESL). Revenue from competitions is similar to traditional any sporting event—ticket sales, media rights, sponsorships, merchandise, and concessions make up the revenue from eSports competitions.

In an effort to gain “longer-term” traction within the industry, leagues (e.g., Overwatch League) were formed which provide eSports fans consistent programming, some consistency in regards to teams, and more time to engage with the “players” as compared to a mega-tournament or event.

**Teams.** eSports teams generally have multiple eSports players/rosters under one brand. Cloud9, for example, has one of the most successful eSports teams and has over 12 teams which compete and specialize in different “games” (e.g., Cloud9 “Fortnite”, Cloud9 “PubG”). From a sponsorship perspective, brands often invest at the master team level (Cloud9) and then gain access to team assets across all of the various subgroups, making this a strong investment with the right teams. Revenue is traditionally created via sponsorship and content, with other content/programming becoming increasingly popular.

**Media Platforms.** There are many media platforms for eSports. Twitch was a first-mover and continues to be one of the primary media platforms for eSports content distribution. YouTube Gaming and Facebook have also invested in building out their own platforms. Content can be consumed via live streaming or VOD, and media platforms often sponsor leagues, teams or individual players in order to gain rights for in-game and behind-the-scenes content rights.

Media platforms also generate revenue via in-stream product placements, as well as integrated media buys and pass-through content rights. In addition, there are also some premium, ad-free services available to consumers with a revenue share with players and/or media partner.

**Players/Casters/Influencers.** Players are the professional eSports participants. They typically excel in one particular game, although sometimes cross-over to other games depending on their skill set. Players are often individually sponsored and can endorse a particular brand similar to a traditional sports athlete endorsement.

Casters are the sportscasters of eSports. They call the games, are often recognizable from the content streams, and can also act as influencers for a brand as a complimentary investment to other individuals.

Influencers or streamers are diverse in nature, coming from a variety of places—current and former players, casual gamers, and super fans, to name a few. Their social channels + Twitch channels often generate interest due to high levels on engagement from eSports fans.

### **Your Client**

AT&T Inc. is a world leader in communications, media and entertainment, and technology. With the recent acquisition of Time Warner, they are building a truly modern media company that will create the best entertainment and communications experiences in the world.

Although AT&T is a veteran sports marketing brand, the company has just begun to explore the world of gaming and eSports to diversify their portfolio. You have been hired by AT&T to identify the next gaming partnership for the brand, helping to push the company closer to becoming an endemic—and prominent—eSports “player”.

### **Excerpt from USA Today Article:**

*eSports is at the “intersection of tech and entertainment,” said Shiz Suzuki, Assistant Vice President for AT&T’s Corporate Sponsorships. “It also gives us an opportunity to reach that young and diverse audience.” AT&T may not be an obvious partner for eSports but the advent of a super-fast 5G mobile connection, due to become readily available later this year, will provide an equalizing foundation for mobile gaming. According to Shiz, “We think about the eSports consumer experience of the future, and that really is around mobile gaming and the ability to take that experience of low latency (and) fast speeds and to not be at a disadvantage to be wireless and to take that anywhere.” (06/03/2018)*

### **AT&T-Time Warner Merger Implications**

AT&T’s recently completed acquisition of Time Warner brings together the three key elements in media and entertainment required to transform how video is distributed, paid for, consumed and created. This is essential to building a strong eSports platform.

- **Premium Content:** No one does premium content better than the talent at HBO, Turner, and Warner Bros. Add in other targeted content such as Bleacher Report, Boomerang, and FilmStruck, AT&T now has at its fingertips a robust content portfolio that can drive viewer engagement to new levels.
- **Direct-to-Consumer (D2C) Distribution:** AT&T’s more than 170 million unique D2C connections across its wireless, video, and broadband businesses offer valuable subscriber insights to better inform how to deliver advertising, what content is distributed, and how that content is distributed. The goal is to significantly grow their D2C streaming services such as HBO NOW, DIRECTV NOW, and Boomerang.

- **High-Speed Networks:** The more customers engage with premium content, the more access that will be needed to network bandwidth, and that's not considering the demand that is growing with 4K and virtual reality. To that end, AT&T has been investing heavily in 5G wireless networks to ensure customers will always have a great viewing experience whenever they want to watch their favorite content.

### **Social Responsibility**

AT&T works to improve lives every day through support for their local community. Through their signature education initiative (i.e., [AT&T Aspire](#)) AT&T has committed over \$400 million to help provide access to the education and training people need to get and keep good jobs. Their [IT CAN WAIT](#) campaign has inspired more than 25 million pledges to never text and drive. This and other social responsibility initiatives are at the core of all their sponsor-related decisions.

### **AT&T's eSports Sponsorship Objectives**

All AT&T's sponsorship programs should deliver on these objectives within the eSports space:

- Build authentic brand relationships with the gamers and fans of eSports (the very coveted young millennial/Gen Z audience)
- Drive trial and sales of AT&T content distribution products (e.g., DIRECTV NOW)
- Showcase benefits of 5G technology, which will launch to the general market later in 2019
- Integrate the full set of AT&T merger solutions, from retail to wireless to cable to content
- As a core business objective, align AT&T social responsibility efforts with the eSports base

### **AT&T's Current eSports Investments**

AT&T has just one current sponsorship relationship in the eSports space, which was recently announced in 2018. Consultants should look at complimenting this current investment when contemplating new partners and activation.

- ESL, a part of the international digital entertainment group MTG, is the world's largest eSports company, leading the eSports industry across the most popular video games with numerous online and offline competitions. It operates high profile, branded international and national leagues and tournaments such as the Intel® Extreme Masters, ESL One, ESL National Championships and other top stadium-size events, as well as several grassroots amateur cups, leagues, and matchmaking systems. ESL covers a broad field of services in gaming technology, event management, advertising, and television production, catering fuller to the needs of the eSports ecosystem. (See [www.eslgaming.com](http://www.eslgaming.com) for more details.)

AT&T recently signed a sponsorship deal with ESL as the Official Telecommunications and Mobile Gaming Partner of ESL North America. They now have activation rights and content rights for three major ESL events (i.e., E3, Intel Extreme Masters, and ESL One), in addition to the rights for the Arena of Valor mobile gaming series. AT&T will also be able to bring their wireless and "wireline" infrastructure (5G) as part of the partnership.

*"Teaming up with ESL simply makes sense for us. ESports creates a natural intersection of technology and entertainment, which aligns with our brand and our customers' passions," said Shiz Suzuki, Assistant VP of AT&T Corporate Sponsorships. "We celebrate the eSports community, and we're excited to bring some rich, new ways for fans to enjoy gaming as the industry continues to grow."*

### Case Study Questions

1. Who should AT&T target within the eSports space? Should the focus be on a particular subset of the gaming community (e.g., U.S. consumers, international audience, women, Gen Z, millennials, etc.)?
2. As AT&T looks to expand their role in eSports, who/where/what should they sponsor? In your recommendation, be sure you include at least two (2) complimentary sponsorships. Budget is a consideration, and **total** rights fees investment + activation ideas ought to be no more than \$1M.
3. How would you activate the partnership you are recommending? Develop a high-level activation plan to bring this new partnership(s) to life. It is recommended the activation plan having one overall “thematic”, one that hits on all the objectives previously stated.
4. How does this overarching plan tie into the other AT&T priorities? For example, social responsibility, other sponsorships, content distribution, retail, etc.?
5. How would you measure the success of your eSports sponsorship plan?

Below are some supporting data, meant only to serve as a starting base. We welcome and encourage the use of other research and sources in your proposals and recommendations.

- eSports ecosystem
- eSports audience growth
- Content consumption/revenue streams
- eSports demographics

How the Industry Works  
Simplified Overview of the Esports Ecosystem

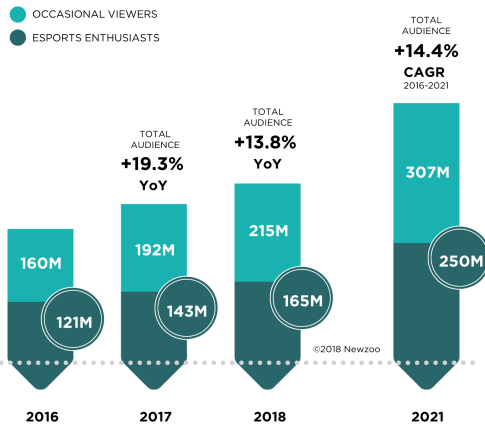


The Esports Observer



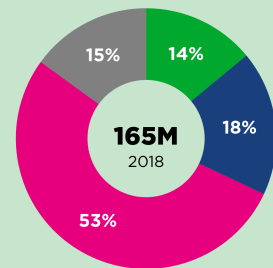
## ESPORTS AUDIENCE GROWTH

GLOBAL | FOR 2016, 2017, 2018, 2021



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Asia-Pacific will account for  
**53%**  
of Esports  
Enthusiasts in 2018

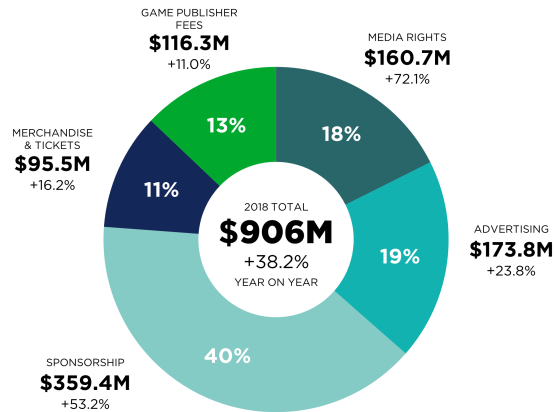


● NAM ● EU ● APAC ● REST OF WORLD



## 2018 ESPORTS REVENUE STREAMS | GLOBAL

INCLUDING YEAR-ON-YEAR GROWTH



Newzoo's esports revenue figures always exclude revenues from betting, fantasy leagues, and similar cash-payout concepts, as well as revenues generated within games.

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## eSports Demographics\*



**AGES RANGE 18-34**  
eSports enthusiasts



**64.9k AVG. HHI**  
Above average income



**78% MALE**  
Male dominated



**90% OF GAMERS**  
Use YouTube once a week for game advice

\*Newzoo, ThinkwithGoogle 2018