



# PROFESSIONAL COMPETITIVE GAMING

AND HOW IT WILL IMPACT DEVELOPERS  
OVER THE NEXT FIVE YEARS



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**newzoo**  
ESPORTS

# GDC



@NewzooHQ

SAN FRANCISCO, MARCH 2017



## ABOUT NEWZOO

Newzoo is a global leader in games, esports, and mobile intelligence. We provide our clients with a mix of market trends, financial analysis, revenue projections, consumer insights, data modelling solutions, and predictive analytics services across all continents, screens, and business models. We are proud to work for the majority of top game and esports companies, along with many independent game developers and leading global technology, internet, and media companies.

**SAN FRANCISCO**

**AMSTERDAM**

**SHANGHAI**

## OVER 100 SUBSCRIBERS, INCLUDING

GAMES



MEDIA



SONY



Tencent 腾讯



HARDWARE



BRANDS



ESPORTS



**newzoo**  
GAMES



**newzoo**  
ESPORTS



**newzoo**  
MOBILE

## FOCUS ON GAMES, ESPORTS & MOBILE INTELLIGENCE

# NEWZOO IN THE NEWS

MEDIA OUTLETS THAT USE NEWZOO DATA IN THEIR PUBLICATIONS

**NEWZOO IS THE #1 TRUSTED SOURCE FOR ESPORTS DATA, INSIGHTS, AND STRATEGY**

Newzoo is a trusted data source for a wide variety of top-tier media outlets that regularly quote numbers and insights in esports-related articles and news programs. We support these media outlets with our latest data, perspectives, and trends regarding the games market.







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# UNDERSTANDING THE GROWTH OF ESPORTS

THE NATURAL GROWTH OF  
COMPETITIVE GAMING AS A  
SPECTATOR SPORT



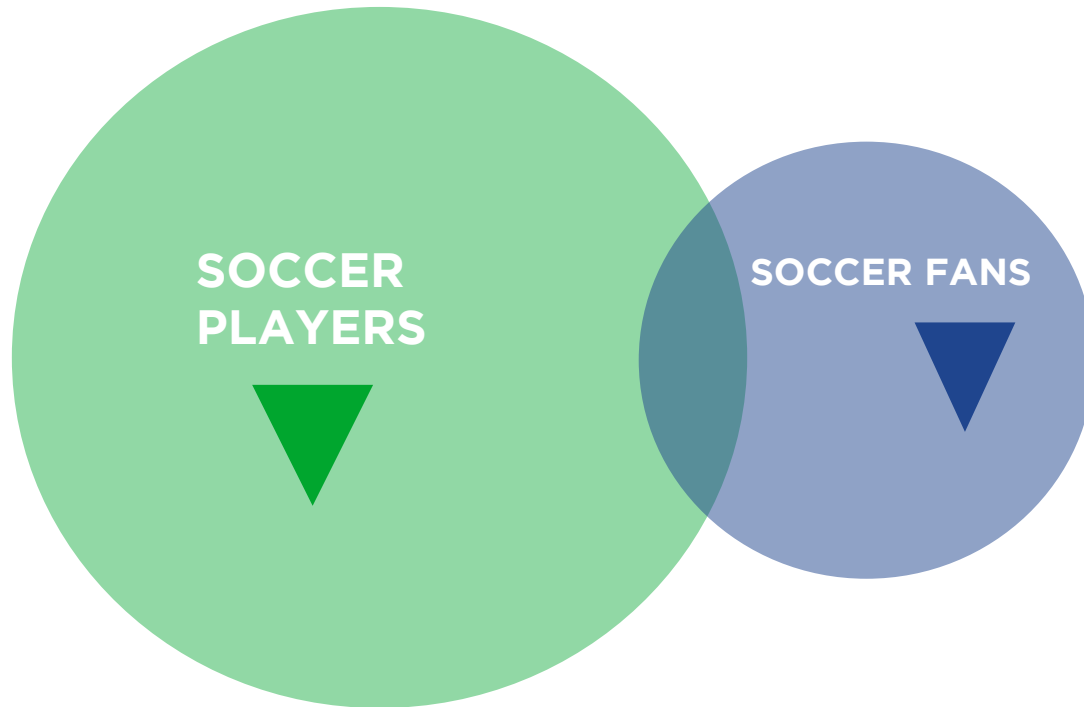


VS  
1894



# SPECTATOR SPORTS ENGAGE THE VIEWER

A BRIEF LOOK AT THE HISTORY OF SOCCER



## THE EARLY LEAGUES | 1929 - 1956



First regular TV coverage of soccer in **1955**

## THE YOUNGER LEAGUES | 1963 - 1993







FIFA WORLD CUP  
Brasil





# SPECTATOR SPORTS ENGAGE THE VIEWER

SOCCER TODAY; THE LARGEST SPECTATOR SPORT IN THE WORLD



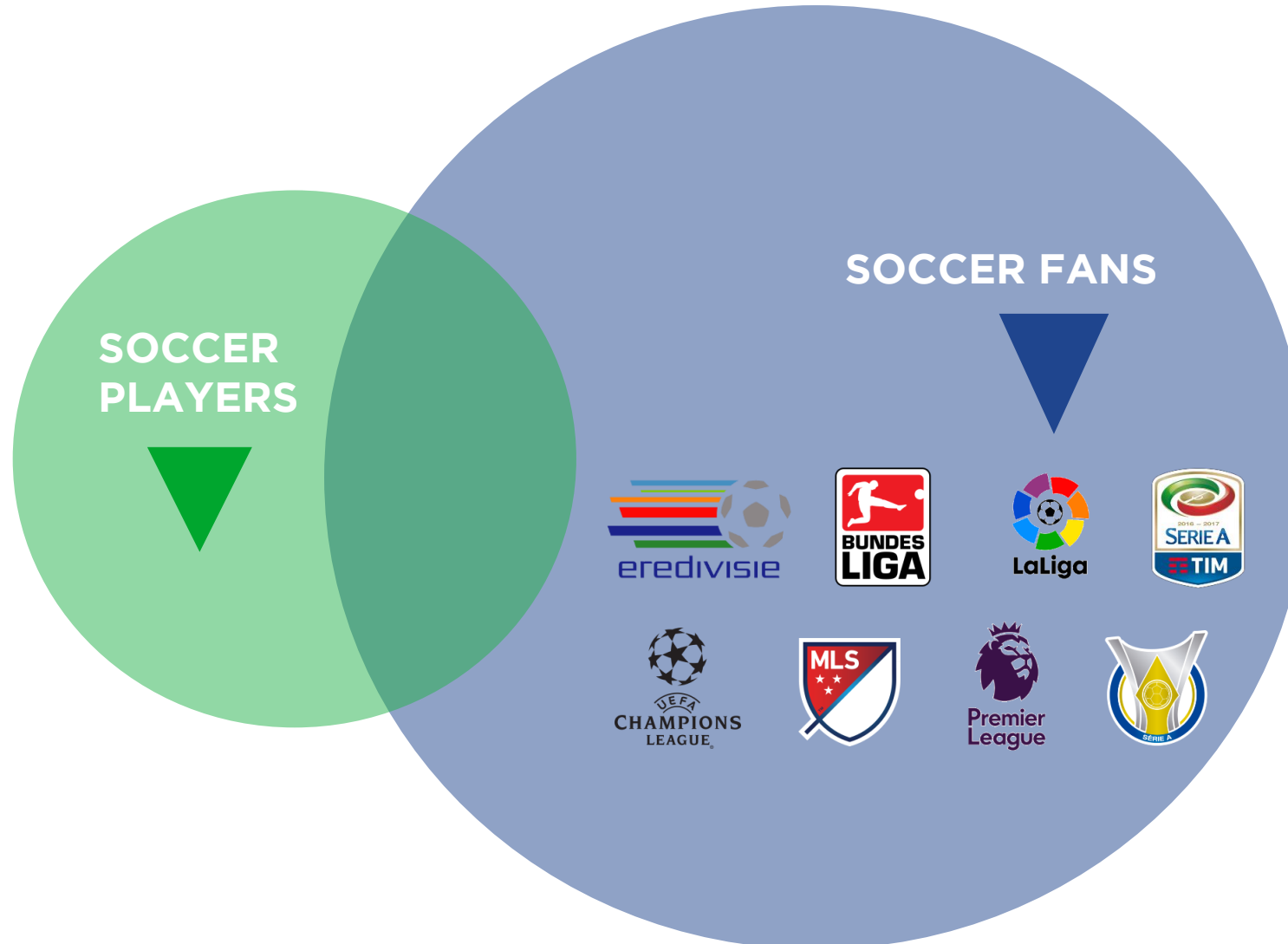
**3.4Bn**

watched the 2014  
World Cup finals

**FIFA**

**265M**

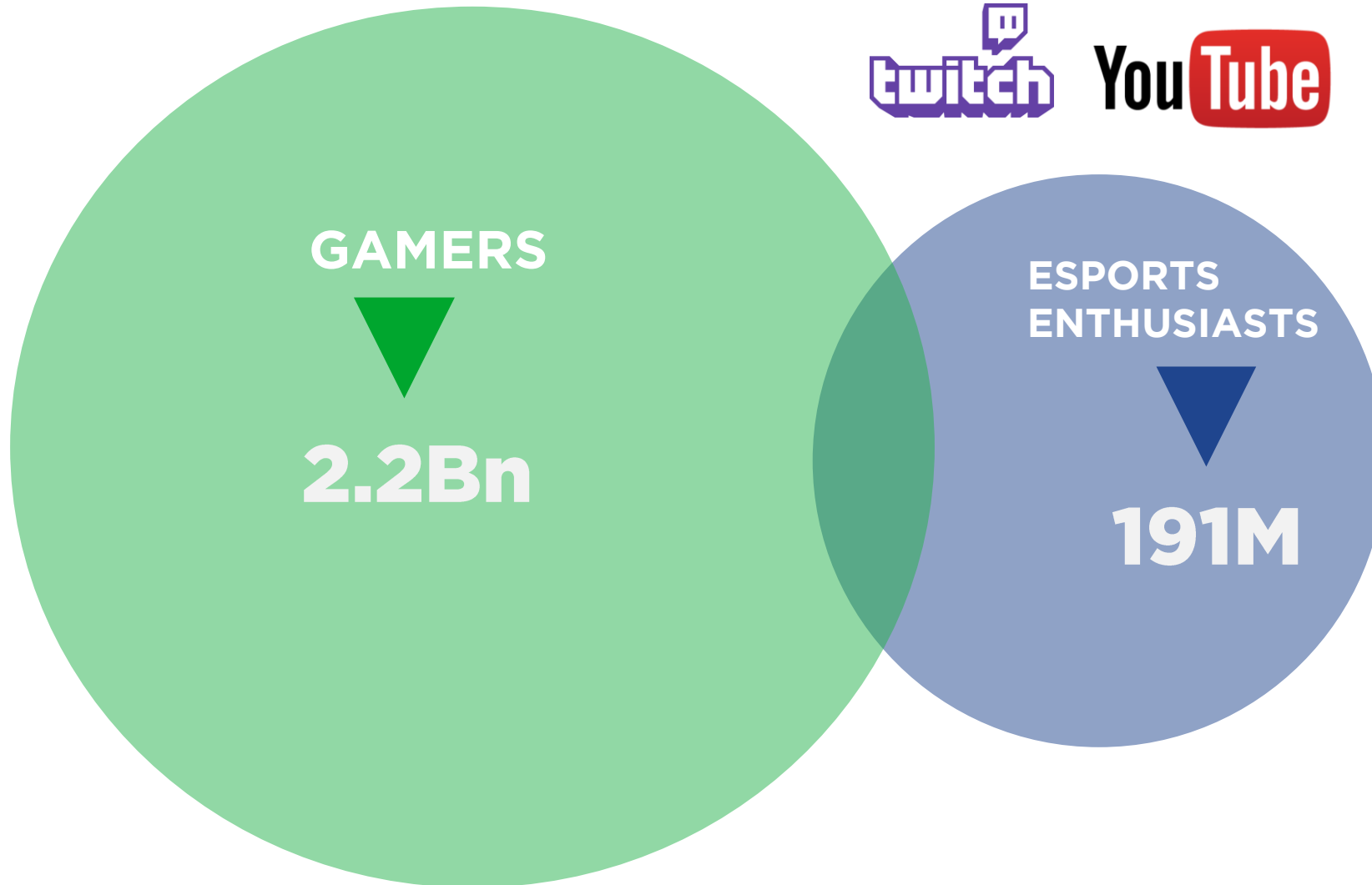
people play  
amateur soccer  
competitively





# SPECTATOR SPORTS ENGAGE THE VIEWER

WHERE DOES GAMING FIT IN?



**100M**  
monthly active  
players



**43M**  
unique finals  
viewers

In the future, gamers will expect their favorite competitive games to have an organized (professional) scene. As a result, all successful competitive games will have esports in their **DNA**.





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## CONVERGING INDUSTRIES

HOW ESPORTS IS  
IMPACTING THE GAMES  
AND MEDIA INDUSTRY

# THE CURRENT STATE OF ESPORTS: MATURING

THREE KEY DEVELOPMENTS DRIVING ESPORTS GROWTH AND PROFESSIONALIZATION

## 1. EVENTS GROW BIGGER AND BIGGER



Prize money  
**\$20M**



Unique viewers  
**43M**



Attendees  
**100K**

## 2. LOCAL LEAGUES EXPLODE



## 3. INDUSTRY PROFESSIONALIZES



Employees  
**>350**

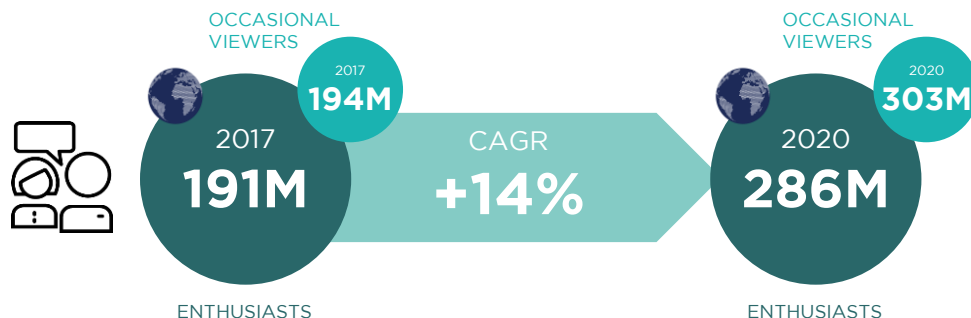


Anti-cheating  
body

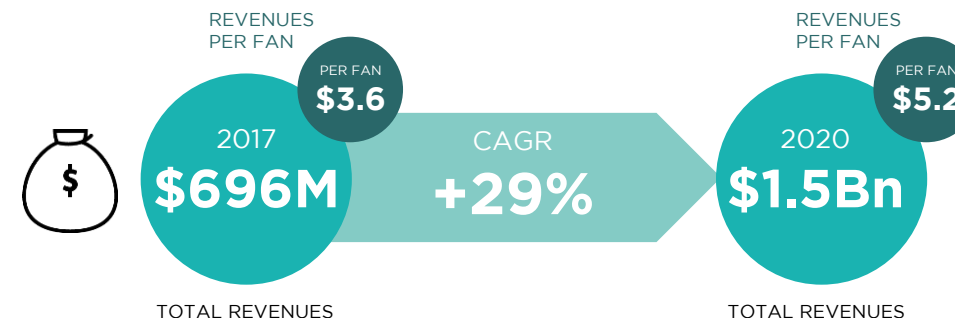


Accepted as  
official athletes

## ESPORTS AUDIENCE NOW AND IN 2020



## ESPORTS REVENUES NOW AND IN 2020





# WHY SPORTS & BRANDS WANT TO BE IN ESPORTS

THREE KEY REASONS WHY MEDIA, BRANDS, AND SPORTS ARE EMBRACING ESPORTS AND DRIVING GROWTH

## 1. REACHING THE UNREACHABLES: THE MILLENNIALS

Among US men aged 21 to 35, esports is as popular as baseball & ice hockey:

**22%**

watch esports frequently

## 2. GAMES HAVE BECOME A GLOBAL SPECTATOR SPORT

Of all the 200+ million Occasional Viewers and Esports Enthusiasts worldwide,

**40%**

do not play the games they watch

## 3. A MULTIBILLION DOLLAR BUSINESS IN THE MAKING

If esports would generate as much revenues per fan as the NBA, it would be a

**\$2.5Bn**

business today, or 5 times what it is now

### SPORTS TEAMS

INVESTING INTO ESPORTS



### BROADCAST MEDIA

REPORTING ON ESPORTS



### MAINSTREAM BRANDS

SPONSORING ESPORTS



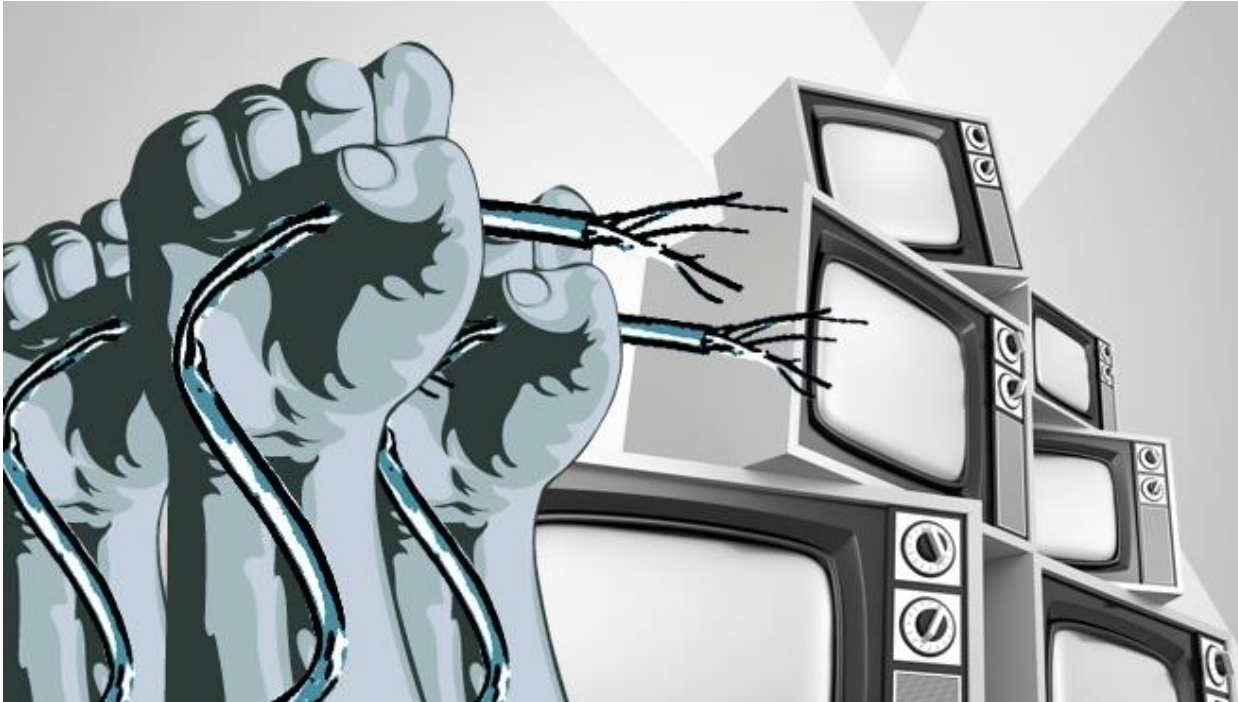
### ESPORTS TEAMS

LEADING ESPORTS GROWTH



# MILLENNIALS AND CORD CUTTERS

WHY BROADCASTERS ARE MOVING IN TO GAMES



“We’ve had 80 years of linear TV, and it’s been amazing, and in its day the fax machine was amazing. The next 20 years will be this transformation from linear TV to Internet TV.”

- Reed Hasting, CEO Netflix



ESPN has been losing  
**~200K**  
subscribers per month  
since 2011.



Esports Enthusiasts watch  
**49%**  
of all their video content on  
mobile, versus **21%** of all  
consumers.





“Gaming is what every traditional sports league is desperate to become: young, global, digital, and increasingly diverse.”

– ESPN Magazine

# ESPORTS, THE NEXUS OF FUTURE MEDIA

SPORTS, MEDIA, ENTERTAINMENT, ADVERTISING, TELECOM AND GAMES CONVERGE INTO A SINGLE FUTURE



Tencent 腾讯



facebook.



VALVE

INTERACTIVE  
MEDIA

BROADCASTING  
MEDIA

GAMERS



GAME, MERCH &  
TICKET REVENUES

VIEWERS



AD, SPONSOR &  
MEDIA RIGHTS



CANAL+

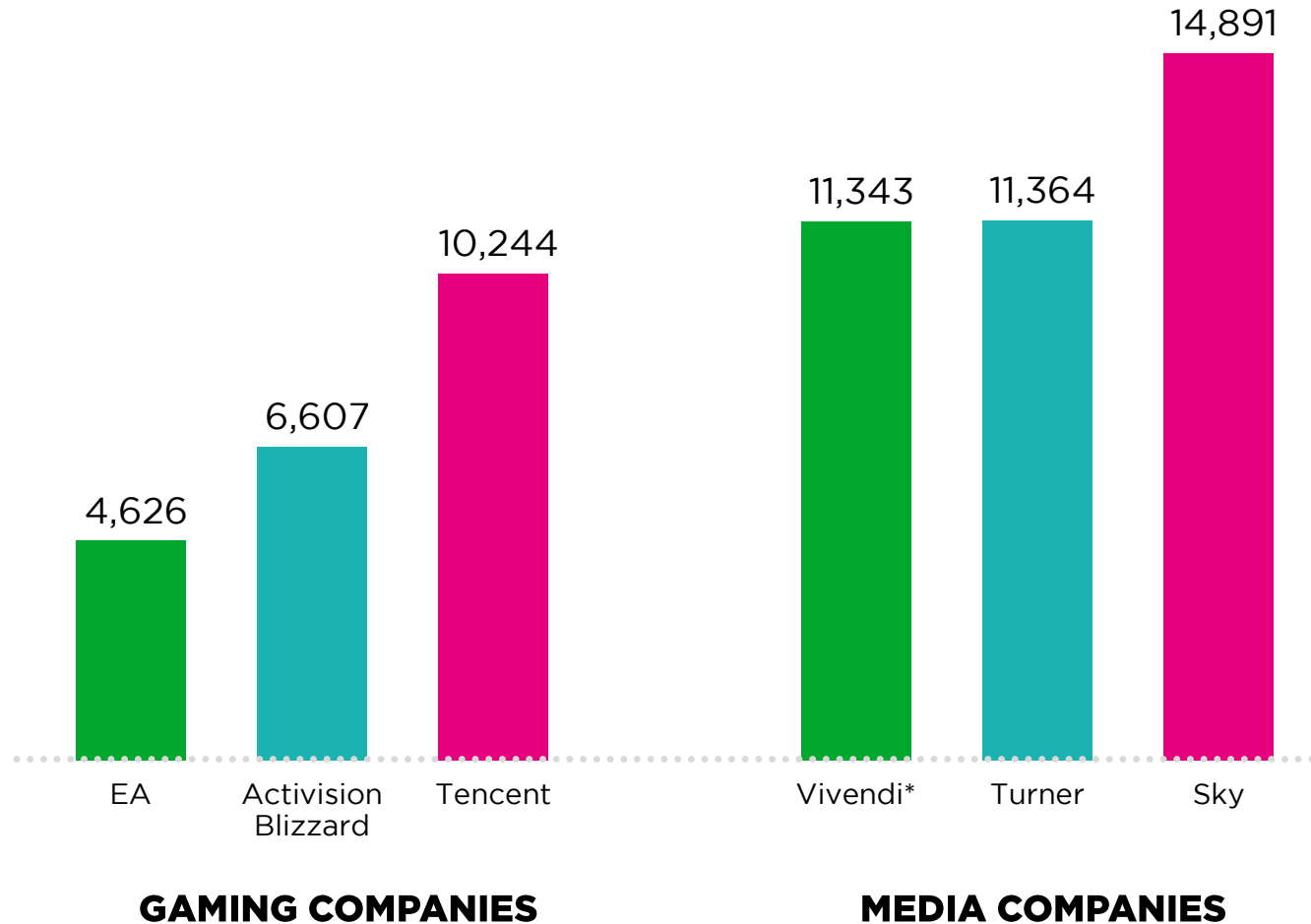


BBC



# INFLUX OF MONEY IN GAMING

REVENUE COMPARISON OF GAMING AND MEDIA COMPANIES | MILLIONS USD



In 2020 US cinema  
revenues are still

**20x**

as big as US esports  
revenues

# ESPORTS ACCELERATES INDUSTRY CONVERGENCE

AT&T BUYS TIME WARNER (INCL. TURNER) AND WARNER BUYS MACHINIMA

## With 500 Million Monthly Users, Activision Blizzard CEO Claims His Company Is 5 Times Bigger Than Netflix

Thanks to esports

By Lauren Johnson | October 19, 2016



## Warner Bros agrees to buy Machinima



by Ben Parfitt

Friday, November 18th 2016 at 11:20AM GMT

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Having already invested plenty in the company, Warner Bros has now signed a deal to acquire full control of the video specialist.

[Deadline](#) reports that Machinima will join Warner's Digital Networks division. Early last year [Warner led a \\$24m investment drive](#) for it. The move is designed to allow Warner to connect with more consumers directly.

"[Machinima has] enormous reach and high engagement with audiences that play our games and are big fans of DC films and television shows," Digital Networks boss Craig Hunegs said. "Machinima also produces great, high-quality content for their community, and together we can create an even more compelling experience and do some really exciting things involving our key franchises."

"This acquisition is another meaningful move forward as Warner Bros develops more direct relationships with our consumers."

Machinima also operates eSports data and analytics service Mach-1, which ties in with Warner's own eLeague initiative that Turner co-operates with WME-IMG.

Added Machinima CEO Chad Gutstein: "We'll now be able to take full advantage of Warner Bros' intellectual property, sales and distribution, while still creating content for social and premium digital platforms that gamers and geeks love. Plus, we'll be fully embedded and can help Warner Bros. continue their incredible digital marketing successes. It's honestly a win-win."







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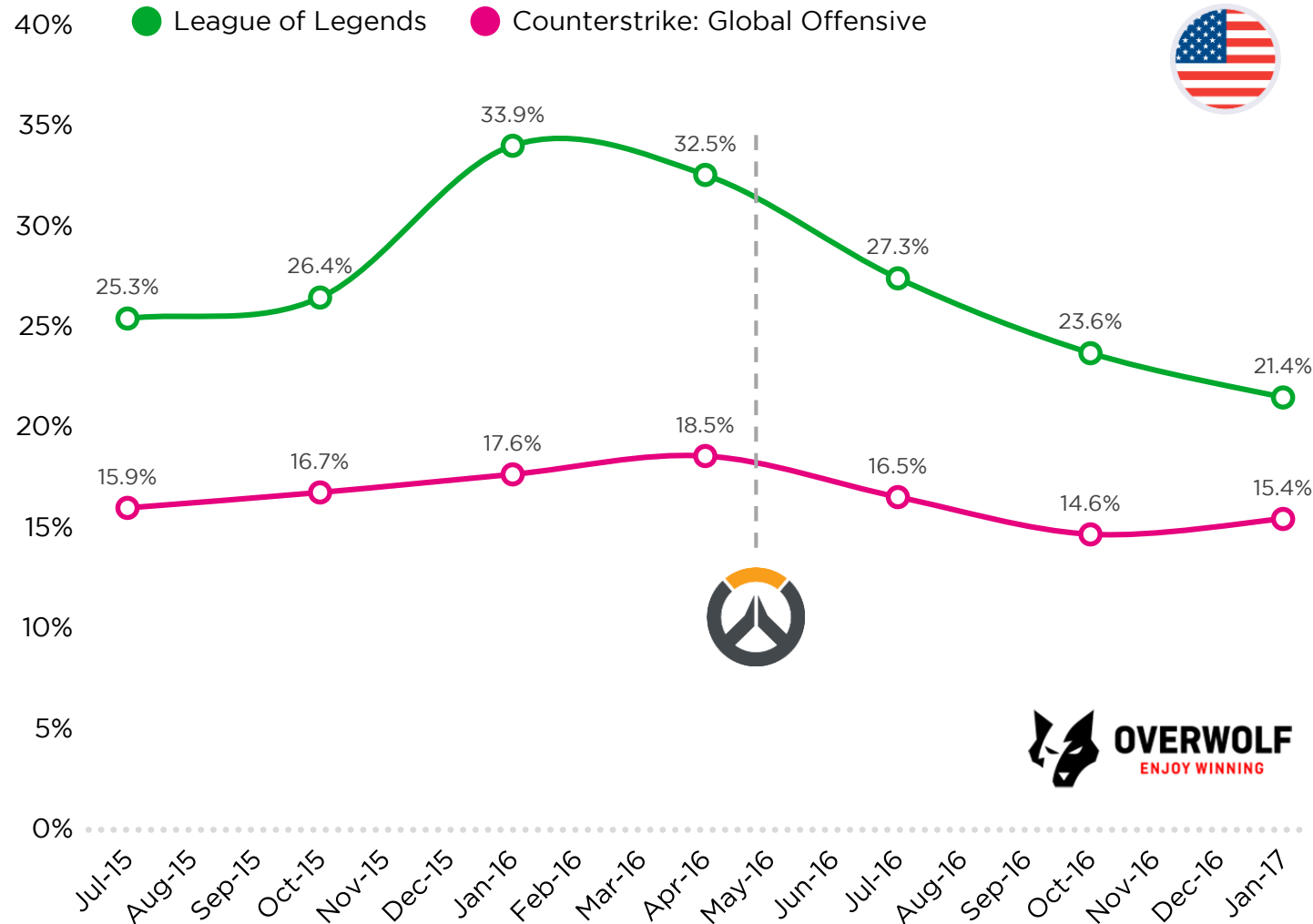
## NEW BUSINESS MODELS?

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CAN PUBLISHERS  
MONETIZE THE VIEWER?

# ESPORTS DRIVES FRANCHISE ENGAGEMENT

AS A PERCENTAGE OF PC GAMERS | UNITED STATES



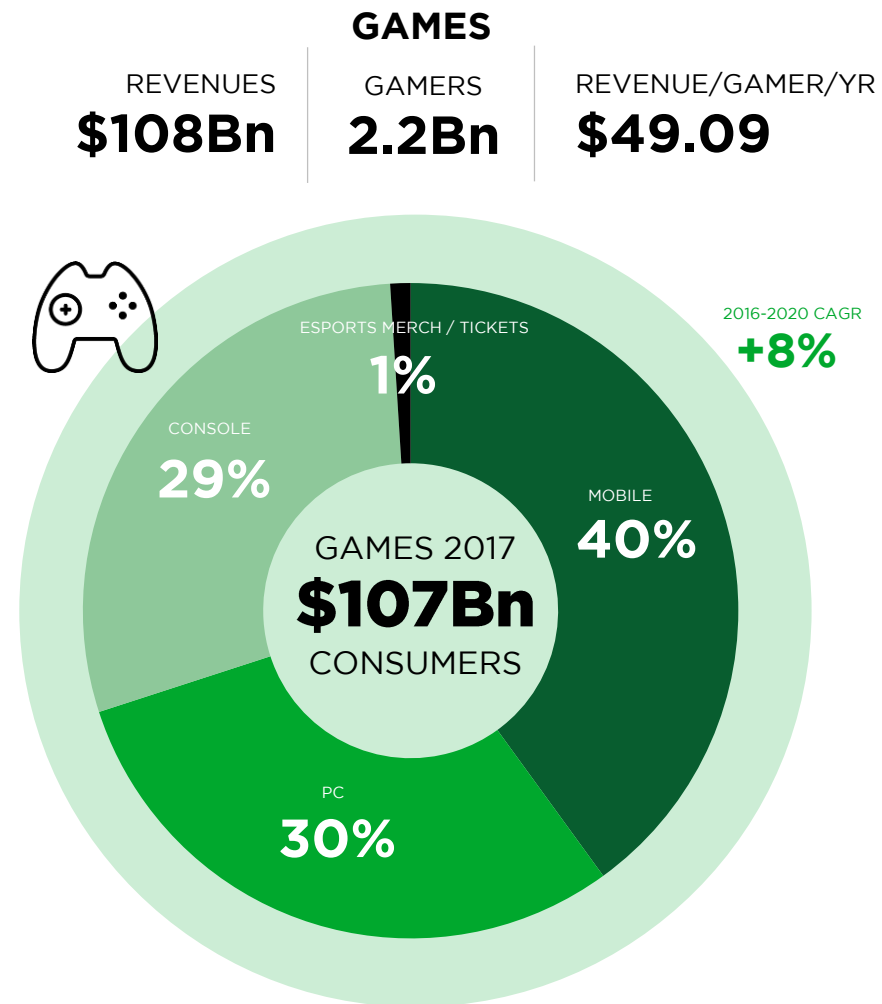
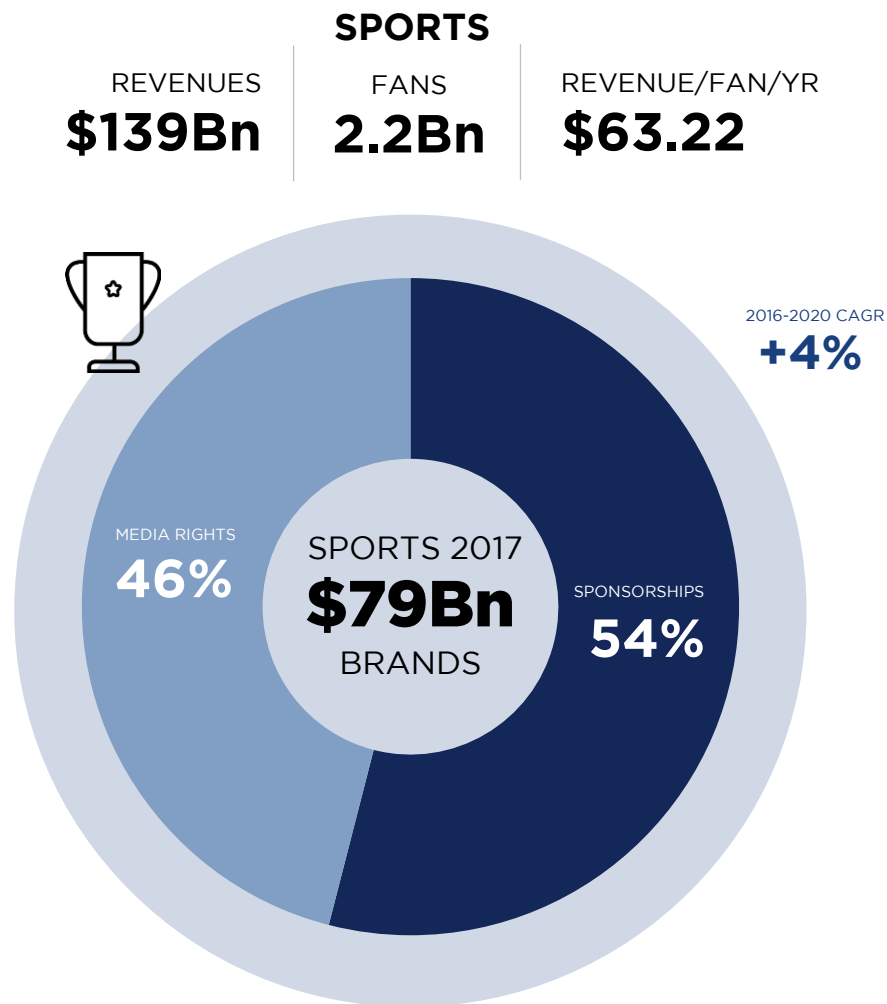
**Tencent 腾讯**

"PC gamers are alternating high-engagement gaming sessions with game-related activities, such as esports. As a result, the time spend in-game lowered but revenues increased."



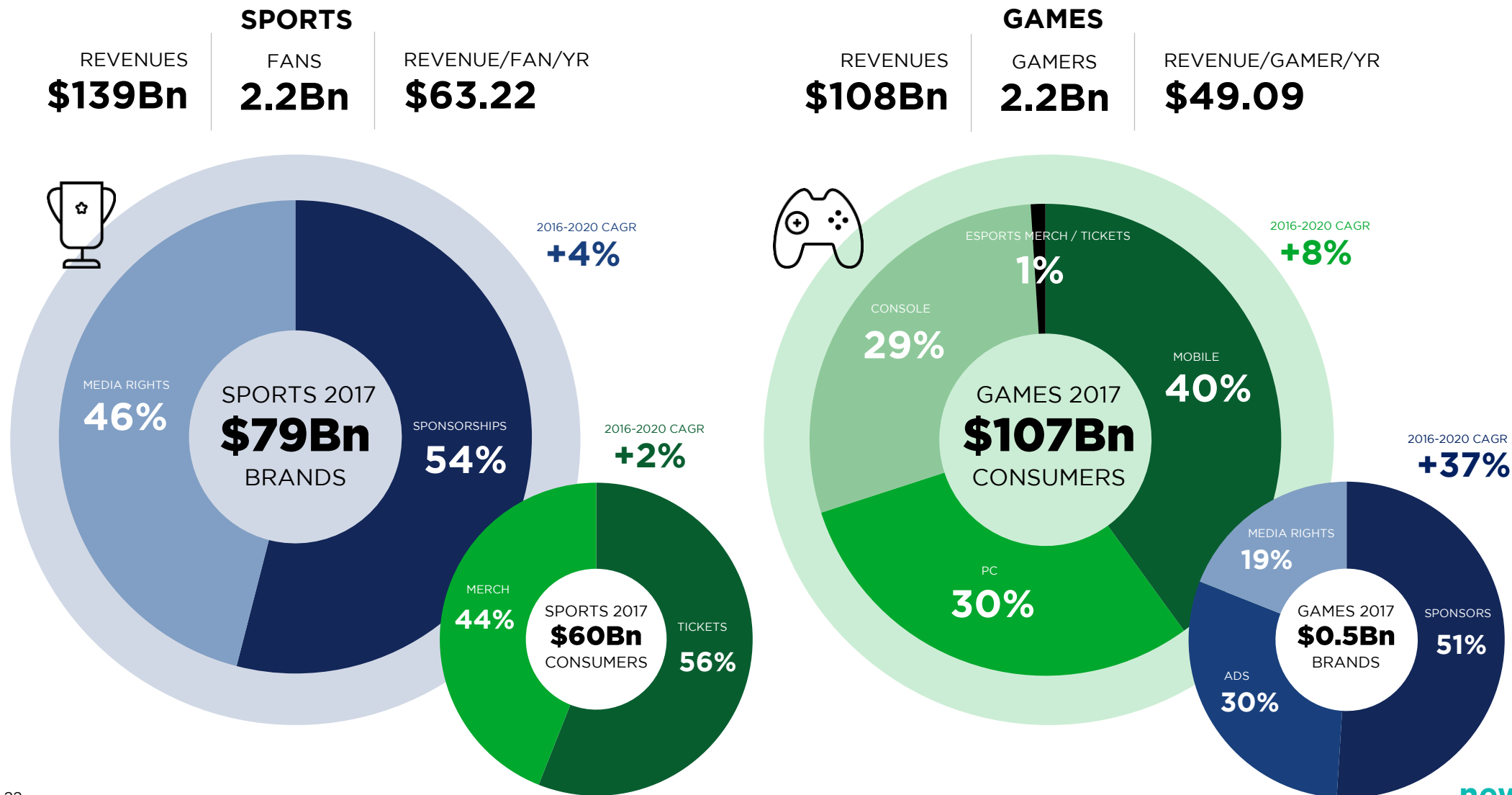
# SPORTS VS GAMES: A NEW PERSPECTIVE

ENTERTAINING A SIMILAR SIZE CROWD BUT MONETIZING VERY DIFFERENTLY | 2017



# SPORTS VS GAMES: A NEW PERSPECTIVE

ENTERTAINING A SIMILAR SIZE CROWD BUT MONETIZING VERY DIFFERENTLY | 2017





In the coming years, publishers will use esports as a **marketing tool** to drive engagement and awareness around their franchises.



4

## CHANGING YOUR FOCUS

START WITH YOUR  
COMMUNITY





 **EXTREME  
MASTERS**

 **ESL**

**newzoo**





**DREAMHACK**





# DEVELOPING A COMPETITIVE SCENE

## KEY INGREDIENTS FOR BUILDING YOUR COMMUNITY

- Compelling and balanced competitive gameplay.
- A sizeable and engaged community.
- The tools that allow your community to develop a competitive scene.



# ELEMENTS OF A GOOD COMPETITIVE GAME

WHAT MAKES A COMPETITIVE GAME GROW AS AN ESPORT?

## Internal

### Game Design

Gameplay

Balancing

### Tools

Spectator Mode

Ranked  
Matchmaking

Amateur  
Tournaments

## External

Engaging with  
community

Pro Tournament  
Organization

# ELEMENTS OF A GOOD COMPETITIVE GAME

FOCUS ON YOUR STRENGTHS AS A DEVELOPER

## Internal

### Game Design

Gameplay

Balancing

### Tools

Spectator Mode

Ranked  
Matchmaking

Amateur  
Tournaments

## External

Engaging with  
community

Pro Tournament  
Organization

# BROADCASTER WILL CONTROL SPECTATOR MODES

ENHANCING THE VIEWERSHIP EXPERIENCE FOR PLAYERS

As esports becomes an essential part of competitive games, spectator modes will need to improve to meet expectations.

- Unlimited camera angles
- Highlighting tactical elements
- In-game branding for viewers
- Monetizing through in-stream links

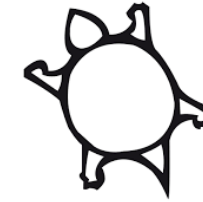




# SPECIALIZED COMPETITIVE MATCHMAKING

OUTSOURCING MATCHMAKING AND RANKED FEATURES

skillz



Turtle Entertainment



ESL



“While many indie titles are ideally suited for competitive play from a design perspective, sadly that aspect isn’t always an initial priority.”

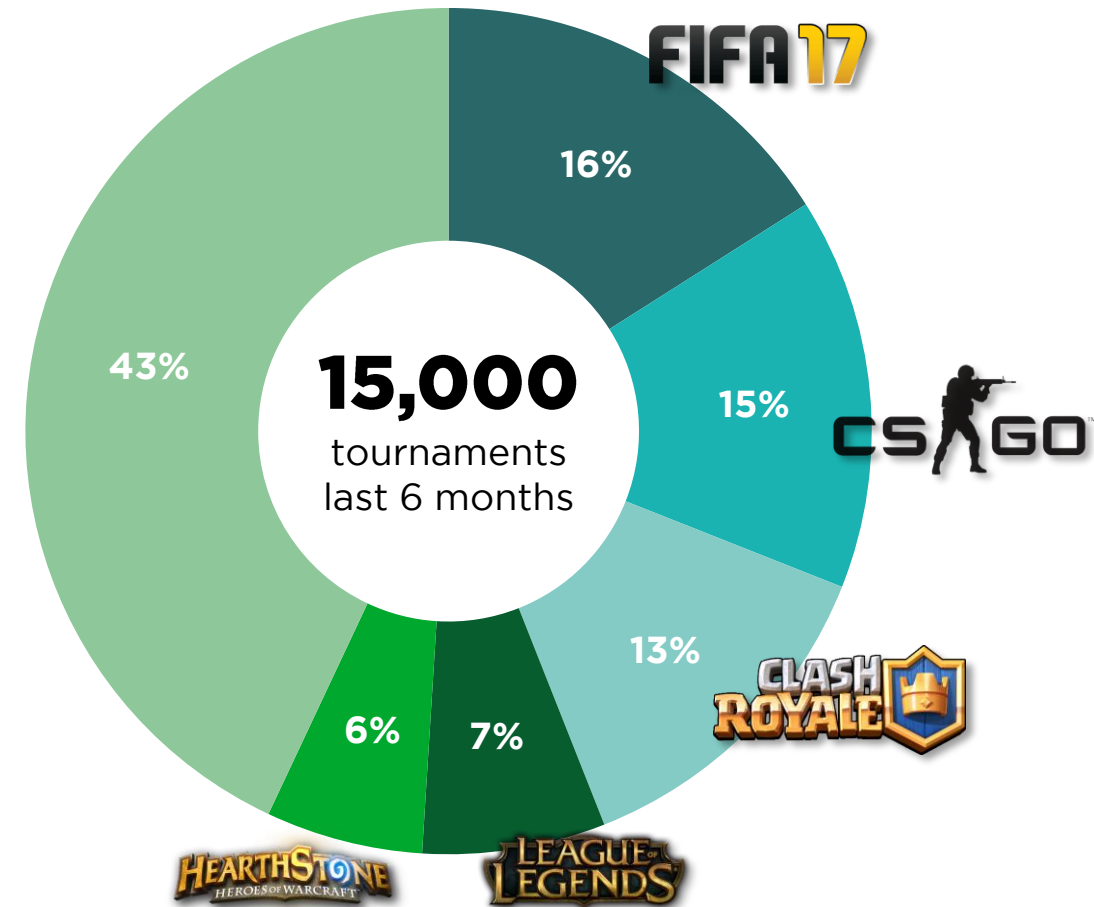
- Arne Peters, VP Technology ESL

# LEVERAGING TOURNAMENT PLATFORMS

BRINGING COMPETITIVE PLAY TO THE NEXT LEVEL



- Bring competitive gaming to the next level
- Bracket systems not found in ranked ladders
- In-game / real-life rewards tied to winning



Powered by  tournament

# WORKING WITH WHITE LABEL ORGANIZERS

## LEVERAGING TOURNAMENT AND BROADCAST EXPERIENCE

Organizing and running a live broadcasted tournament is often outsourced by publishers and developers who lack the staff and resources.

- Leverage years of experience in running live broadcasts.
- Minimize 'first-time' mistakes.
- Minimize structural costs involved of hiring tournament and broadcast teams.





As esports becomes embedded in the **DNA** of successful competitive games, critical components will become specialized, and are likely to be **outsourced**.



## GET IN TOUCH?

If you are interested in learning more about Newzoo and our services, shoot over a message using the contact information below. Looking forward to our cooperation!



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