ESPORTS CONSUMER ANALYSIS WHITEPAPER

EEDAR 2015 SYNDICATED REPORT SAMPLE

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EEDAR
CONTEXT IS EVERYTHING

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INTRODUCTION & METHODOLOGY
ESPORTS CONSUMER ANALYSIS

EEDAR's eSports Consumer Analysis provides a comprehensive overview of the average eSports viewer, delivering a holistic analysis of the viewer from both their in-game and out-of-game behavior.

To get these answers, EEDAR surveyed over 2,000 self-selecting gamers who either played or watched an eSports-related title within the past year. From a demographics standpoint, the sample was 64% male and 36% female with an average age of 26.6.

EEDAR compiled these results with industry-leading expertise and partnership data sources to create seven overarching sections. These include:

1. General Overview
2. Monetary and Hourly Engagement
3. eSports Player Profiling
4. In-game Behavior
5. Out-of-game Behavior
6. Genre-Specific Analysis
7. Appendix

Primarily, this report looks to analyze and dissect the inner workings of the average eSports watcher. This report provides a comprehensive answer regarding who these users are along with their primary motivations and potential avenues for future engagement.

EXECUTIVE SUMMARY
ESPORTS CONSUMER ANALYSIS

*EXECUTIVE SUMMARY AVAILABLE IN FULL REPORT.

GENERAL TERMS

Free-to-Play (F2P): A title that can be played for free and does not require monetization for continued engagement. Microtransactions within F2P titles are common. For this report, PC F2P excludes games that do not require a client download, such as browser-based and Facebook games.

PC Gamer: User who plays client-based titles on the PC. For this study, EEDAR discounted players who primarily played social, browser-based titles such as *Travian* or *FarmVille*.

Console: A device with the primary purpose of playing video games. The last generation of consoles included the PS3, Xbox 360, and Wii while the current generation includes the PS4, Xbox One, and Wii U.

General PC: A PC that is mostly used for purposes outside of gaming.

Gaming PC: A PC with technical specifications aimed at delivering a superior gaming experience.

General MOBA/Shooter/Fighter: Part of the general population of these games. An average player.

eSports MOBA/Shooter/Fighter: A user that plays games within the genre and also watches eSports events relating to the genre.

ESPORTS TERMS

eSports: A term for the competition between players in a video game setting. eSports, much like professional athletic sports, pit players of the highest skill levels against one another. Various organizations have constructed eSports tournaments where fans can either partake or watch professionals compete.

eSports Related: Items that are related to supporting eSports, such as buying tickets to view tournaments or directly contributing to a tournament's prize pool.

F2P GAMEPLAY TERMS

Multiplayer Online Battle Arena (MOBA): A genre of gaming that typically involves players choosing a champion and then playing a team-based, 5v5 match with the ultimate goal of destroying an opponent's base. *League of Legends* and *Dota 2* are examples.

Player vs Player (PvP): A mode where the player competes against other players. Player vs Environment (PvE): A mode where players face off against the computer AI or environment. The player can be by themselves or in a cooperative situation with other users.

Ranked PvP: A mode where the player combats other players and the battle's outcome affects ladders or player competitive rank.

Arena: A TCG mode popularized by *Hearthstone* where players create a deck from randomized cards.

Tournaments: A TCG mode where the player enters a tournament setting and plays against multiple opponents to decide the winner of the event.

Seasonal Events: Events that occur based on various seasons. Examples include *League of Legend's* URF Mode, which appeared during April Fool's day. Seasonal events generally disappear after a given time frame.

MONETIZATION TERMS

Average Revenue Per User (ARPU): The amount of money that an average user generates over a given period of time.

Average Revenue Per Paying User (ARPPU): The amount of money that the average paying user generates over a given period of time.

Microtransaction: Purchases that can be made through the in-game client that can be game-affecting or simply add cosmetic changes. Examples include purchasing additional cosmetic items or buying server transfers.

MICROTRANSACTION CATEGORIES:

- Avatar Cosmetics: Cosmetics for the player's primary avatar. This can include full skins or pieces of cosmetic armor.
- Non-avatar Cosmetics/Secondary Cosmetics: Cosmetics for anything other than the player's primary avatar. This can range from skins for a player's pet to skins for a gun.
- Game-Affecting Equipment: Equipment that has inherent statistics or game-affecting abilities. Differs from cosmetic vanity items that have no effect on game mechanics.
- Consumable Items: Items that can be consumed for in-game effects. Can range from healing the player to being one use weapons (such as grenades).
- Boosts: Boosts that temporarily increase resource generation, generally either increasing the rate at which a player gains experience or soft currency.
- Hero/Champion Unlocks: Unlocking a hero or champion for permanent use.
- Randomized Items/Chest Keys: Where the store sells the player a random item or pack of items. In certain games, players receive a locked chest containing random items and must monetize to purchase a key.
- Account Services/Amenities: Various services that don't directly relate to the player's gameplay experience. This can involve name changes, server changes, or additional character slots.
- Special Mode Access: Grants access to special game modes that are usually locked behind pay walls.
- Announcer Packs: Players can purchase packs to alter the voice of the in-game announcer.
- Portraits: Many titles have player portraits, which are displayed next to a player's name. Players can purchase additional vanity portraits.

Soft currency: Currency that can be steadily generated through playing the game.

Hard currency: Currency that must be bought with real money.

Subscription: A business model that puts the player on a monthly payment plan. Popular within the MMORPG genre.

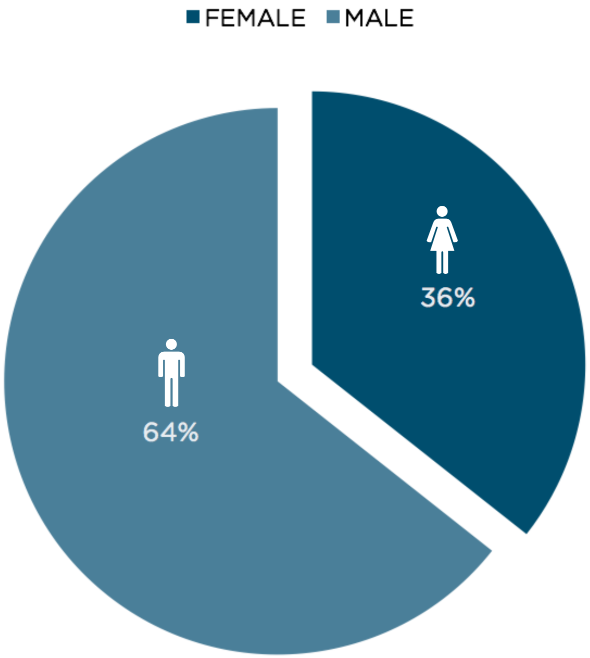
Core Users: Users who, on average, are more likely to invest larger amounts of time and money into gaming. Generally, users who spend at least 5 hours per week and/or more than $20 per month on video games.

Casual Users: Users who, on average, spend less amounts of time or money on gaming. Generally, users who spend less than 5 hours per week and/or less than $20 per month on video games.

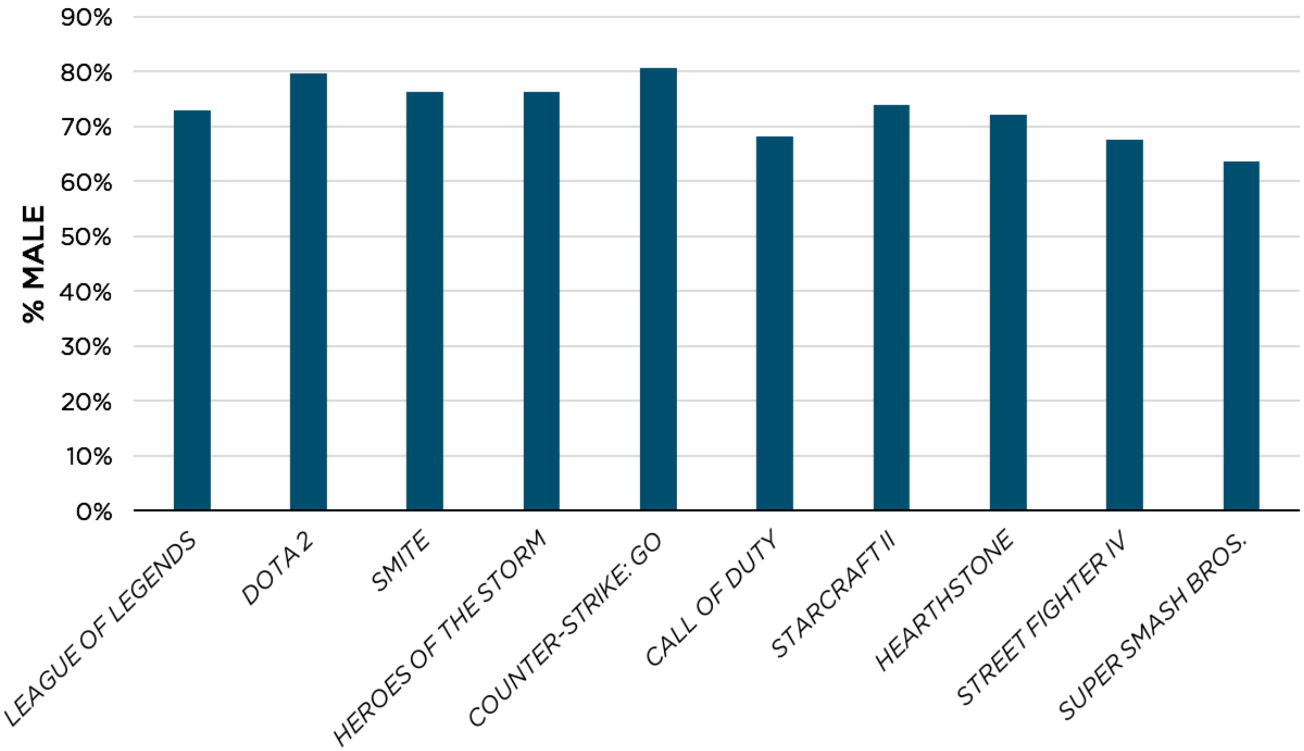
ESPORTS GENERAL OVERVIEW

THIS SECTION PROVIDES A BASIC OVERVIEW RELATING TO THE DEMOGRAPHICS AND KEY KPIS OF ESPORTS TITLES.

PC CLIENT GAMERS & GENDER DEMOGRAPHICS
[NA][2015]



ESPORTS TITLES AND GENDER DEMOGRAPHICS
[NA][2015]

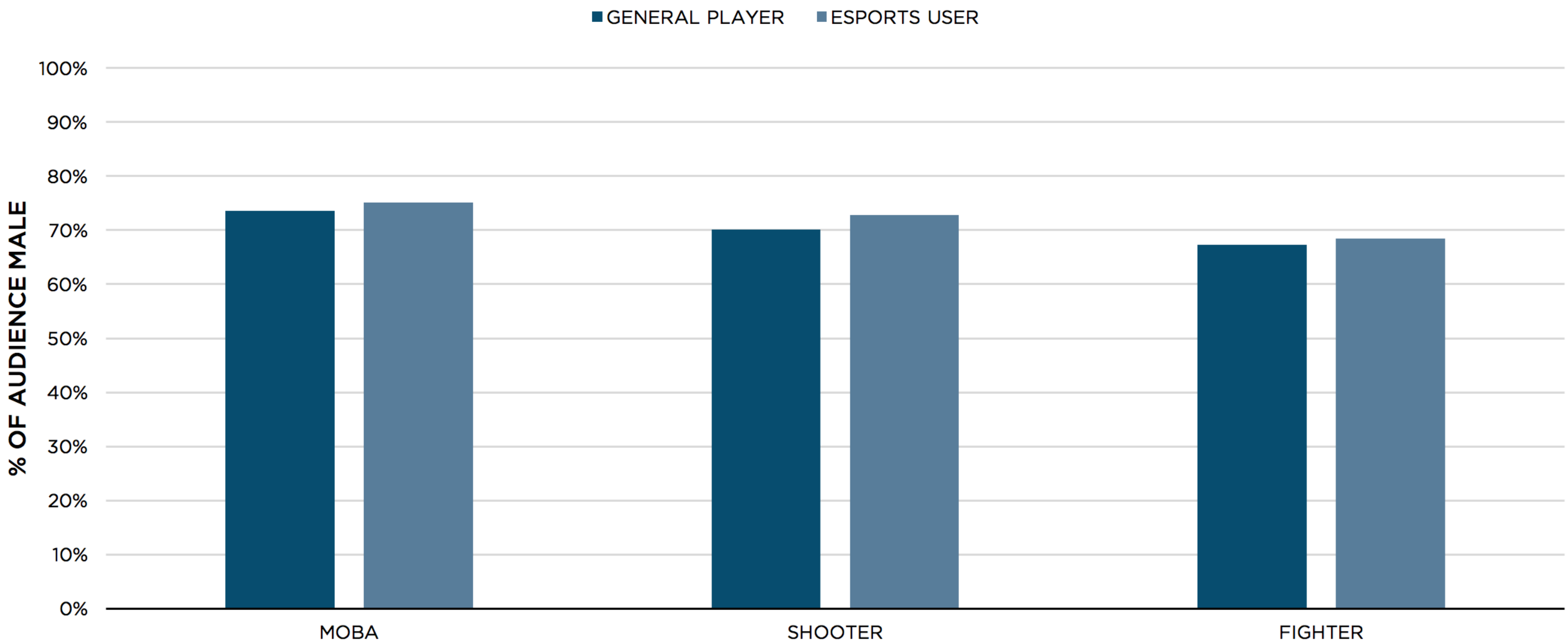


The general gaming population on PC skews male, with roughly 64% of players being men. Comparatively though, many of the most popular eSports titles comprise an even greater percentage of men. Titles such as *Dota 2*, *SMITE*, and *Counter-Strike: Global Offensive* all have populations where over 75% are male. Conversely, this means that women are only responsible for about a quarter of each game's respective populations.

Larger games, such as *League of Legends* and *Call of Duty*, actually have a smaller percentage of men, with both hovering around 70%. Fighting games also had a larger percentage of a female audience as both titles had about a third of their audience being female.

SOURCE: EEDAR

PERCENTAGE AUDIENCE MALE FOR ESPORTS WATCHERS
[NA][2015][INTERACTED WITH F2P TITLE IN PAST YEAR]

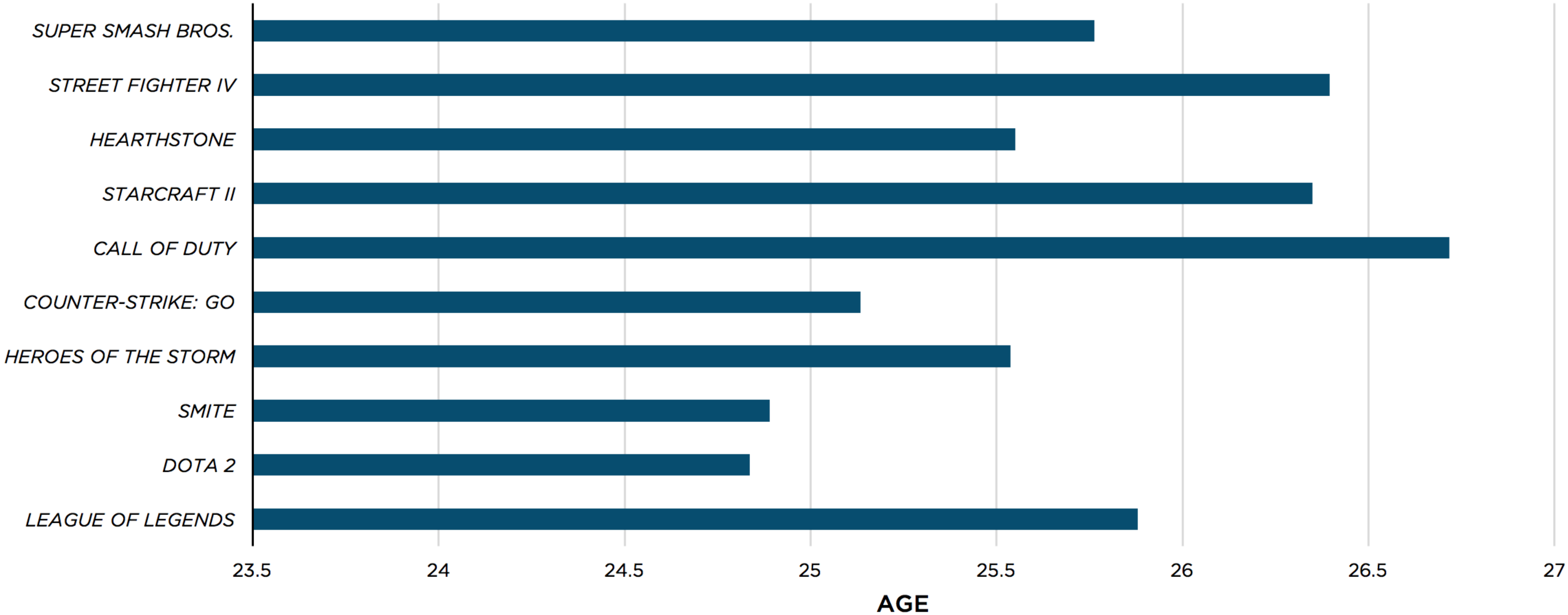


When comparing across the three biggest eSports genres, MOBA titles had the largest percentage of males followed fairly closely by Shooters. Both genres had an audience with over 70% of their population being men. Fighters were slightly more inclusive of females as the genre had a third of its population being women.

Generally, a genre's average eSports viewer was more likely to be male. Across all three eSports genres, the eSports audience had a greater percentage of men than the genre at large. Currently, competitive gaming is highly driven by male users and the vast majority of pros and online personalities are men.

SOURCE: EEDAR

AVERAGE AGE OF ESPORTS TITLE PLAYERS
[NA][2015]



The average age for most eSports-related titles is between 24 and 27 years of age. Games like *League of Legends* have an average age of 26 while other MOBAs, such as *Dota 2* or *SMITE*, skewed slightly younger at 25. *Call of Duty* gamers were the oldest at 27 followed by *Street Fighter* players and *StarCraft II* gamers.

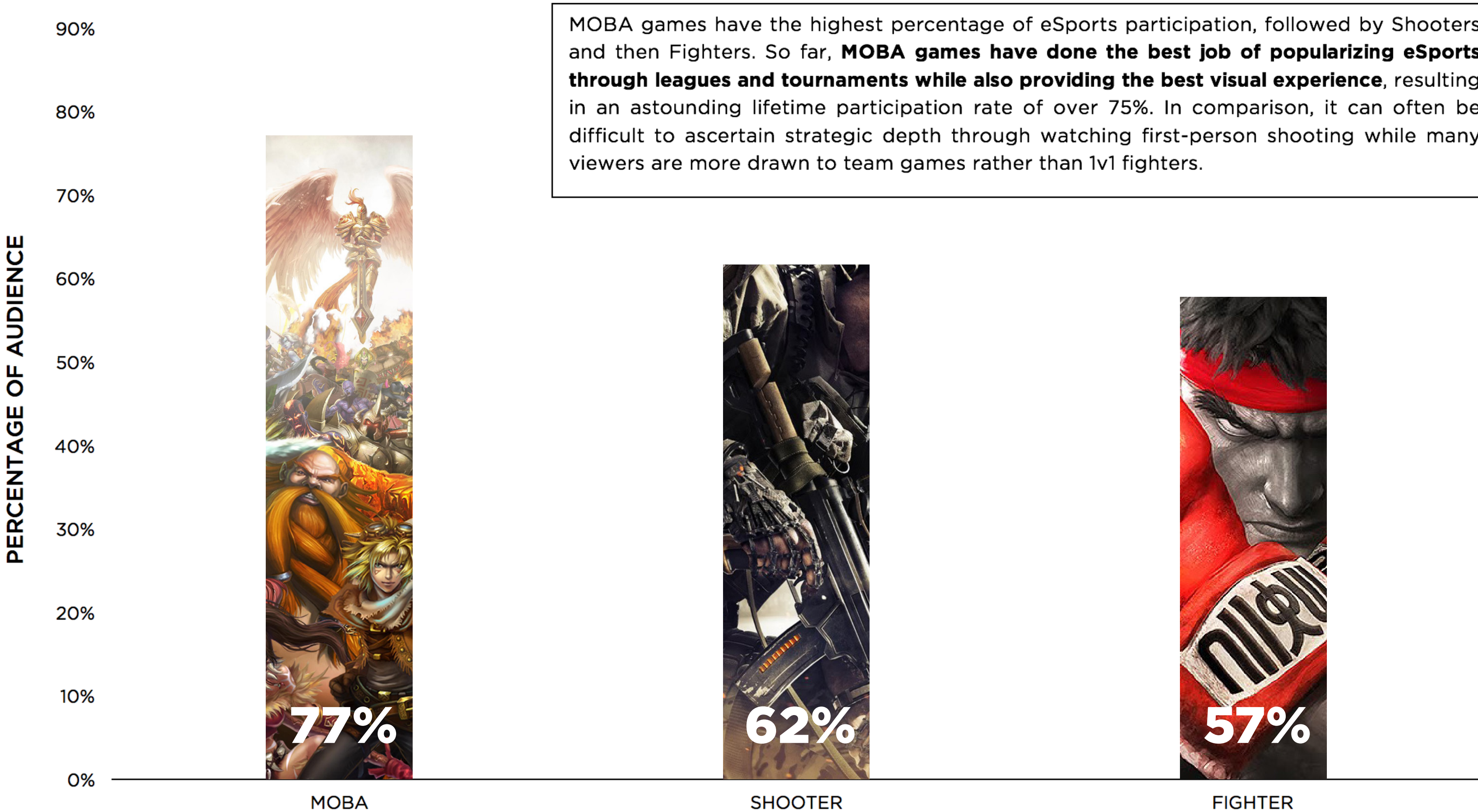
Generally, older IPs also led to older consumers. These titles develop initial fans who are then more likely to purchase or keep playing games from the franchise. Thus, the newest IPs such as a *SMITE*, *Hearthstone*, or *Heroes of the Storm* will generally also have the youngest audience.

SOURCE: EEDAR

ESPORTS PARTICIPATION

[NA][2015]

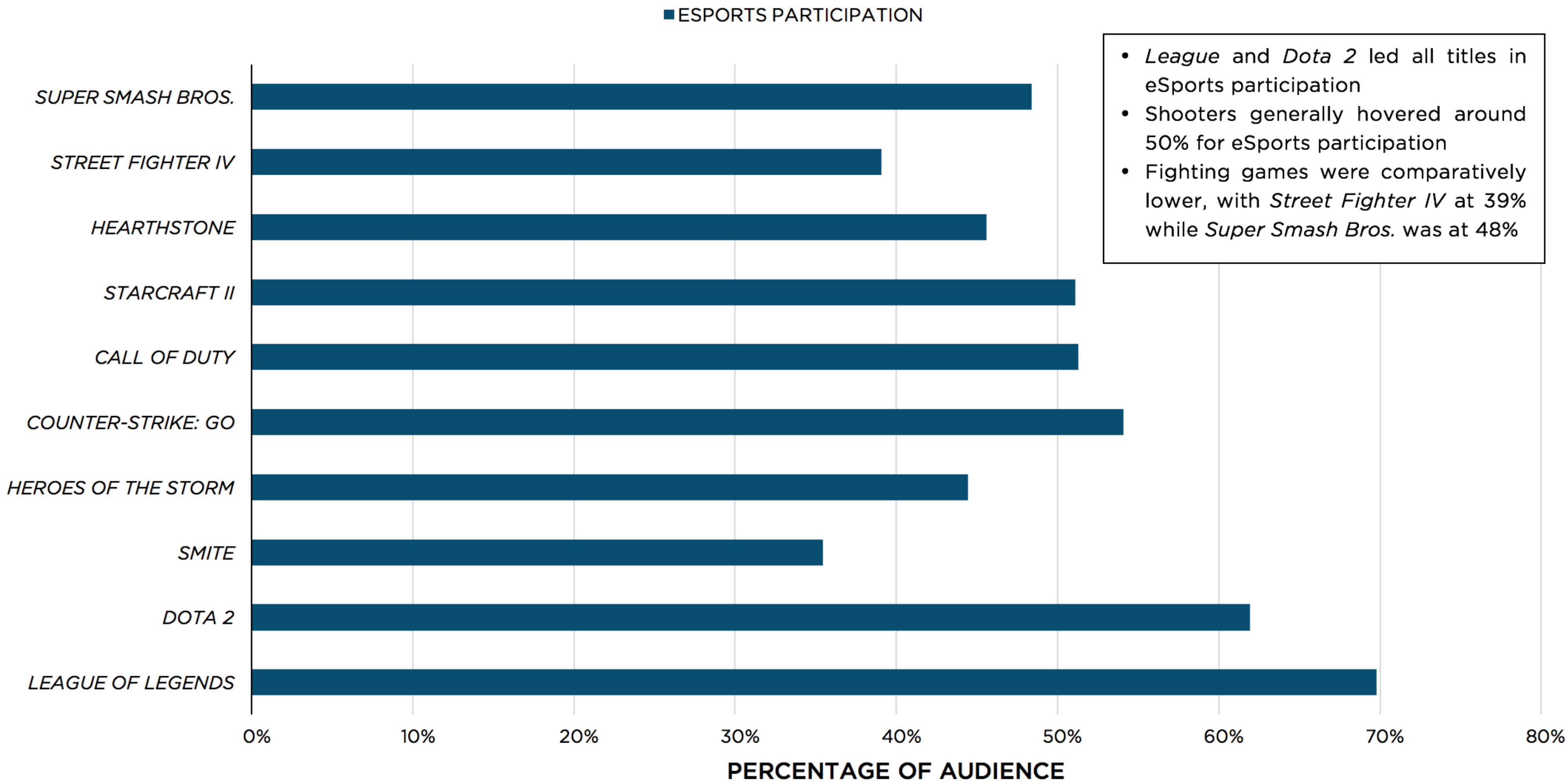
MOBA games have the highest percentage of eSports participation, followed by Shooters and then Fighters. So far, **MOBA games have done the best job of popularizing eSports through leagues and tournaments while also providing the best visual experience**, resulting in an astounding lifetime participation rate of over 75%. In comparison, it can often be difficult to ascertain strategic depth through watching first-person shooting while many viewers are more drawn to team games rather than 1v1 fighters.



SOURCE: EEDAR

ESPORTS PARTICIPATION BY TITLE

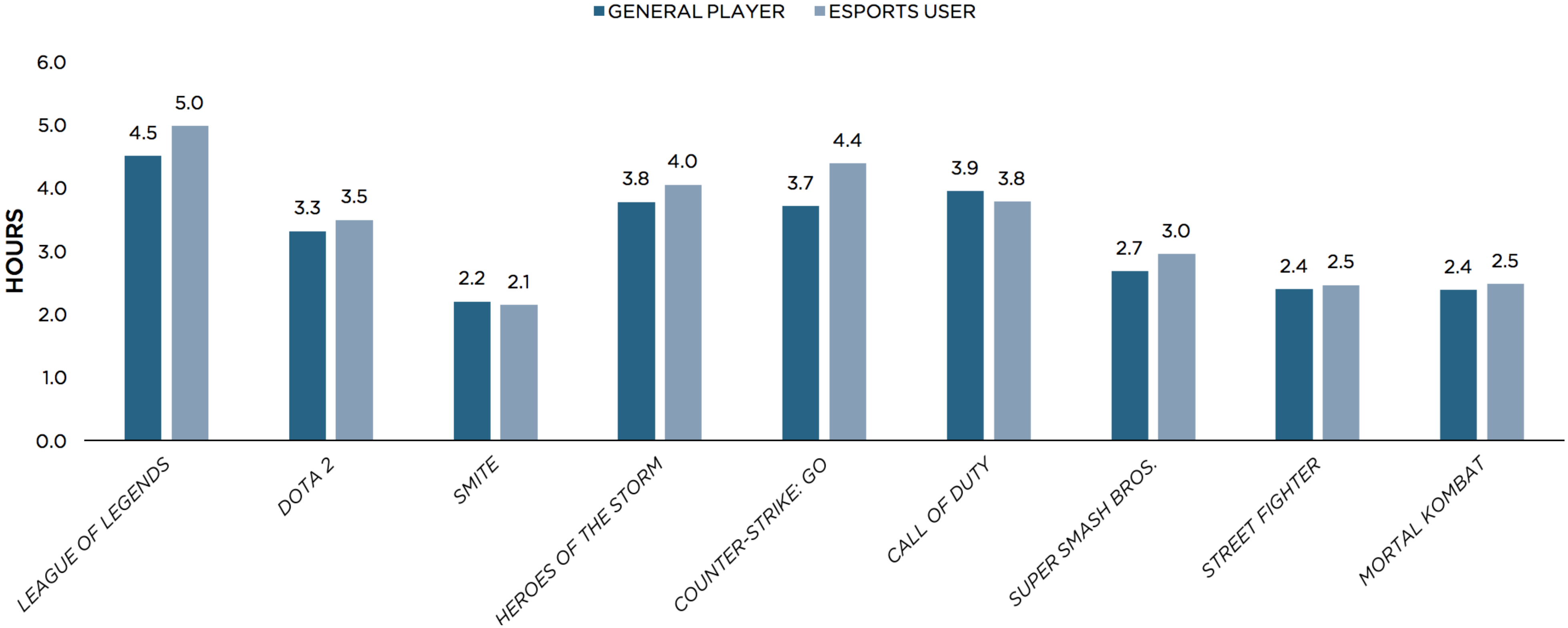
[NA][2015]



- *League* and *Dota 2* led all titles in eSports participation
- Shooters generally hovered around 50% for eSports participation
- Fighting games were comparatively lower, with *Street Fighter IV* at 39% while *Super Smash Bros.* was at 48%

SOURCE: EEDAR

AVERAGE WEEKLY HOURS PLAYED
[NA][2015]

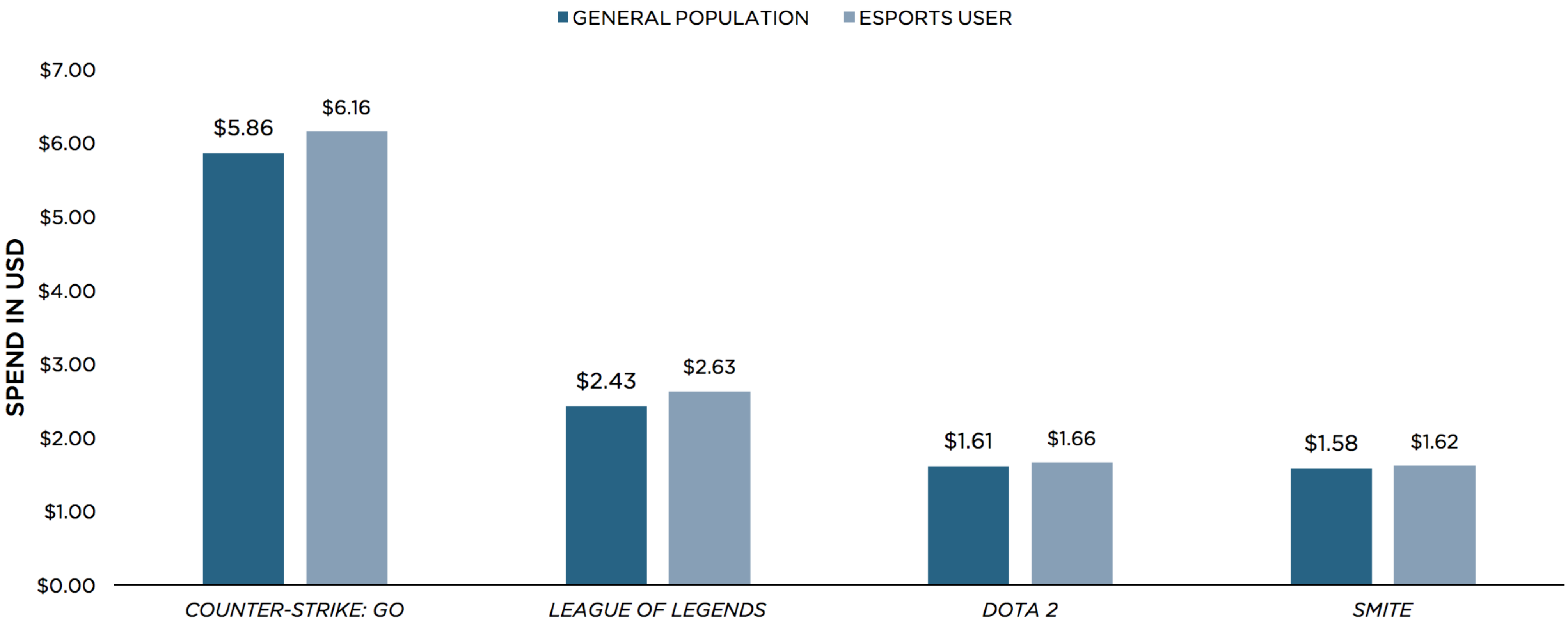


The titles with the highest average weekly playtime were the most popular F2P MOBAs along with the popular Shooter games. *League of Legends* led all titles with an average of 4.5 hours per week followed by *Call of Duty* at about 4 hours per week. The only other titles that had weekly play times greater than 3 hours were *Dota 2*, *Heroes of the Storm*, and *Counter-Strike: Global Offensive*.

eSports users play more than other players. For every game, an eSports user stated that they were more likely to spend time playing that game compared to the general player.

SOURCE: EEDAR

ARPU AND ESPORTS TITLES
[NA][2015]



For the most popular eSports F2P titles, ARPUs generally ranged from $1.50 to $2.50 with MOBA titles. *Counter-Strike: Global Offensive* commanded an ARPU of $5.86. Largely, *Counter-Strike: Global Offensive* was able to do so well due to its status as a premium title. Users who have already paid for a game are generally more willing to monetize in comparison to a F2P title.

Within the MOBAs, *League of Legends* has increasingly bettered its monetization strategy over the past year. *League* has seen tremendous success by releasing high-quality cosmetic skins (such as the DJ Sona skin that alters in-game music) while also relying on a greater number of in-game events to drive engagement. *Dota 2* has also done well through eSports-related events such as the 2015 Compendium that generated more than $80MM in revenue.

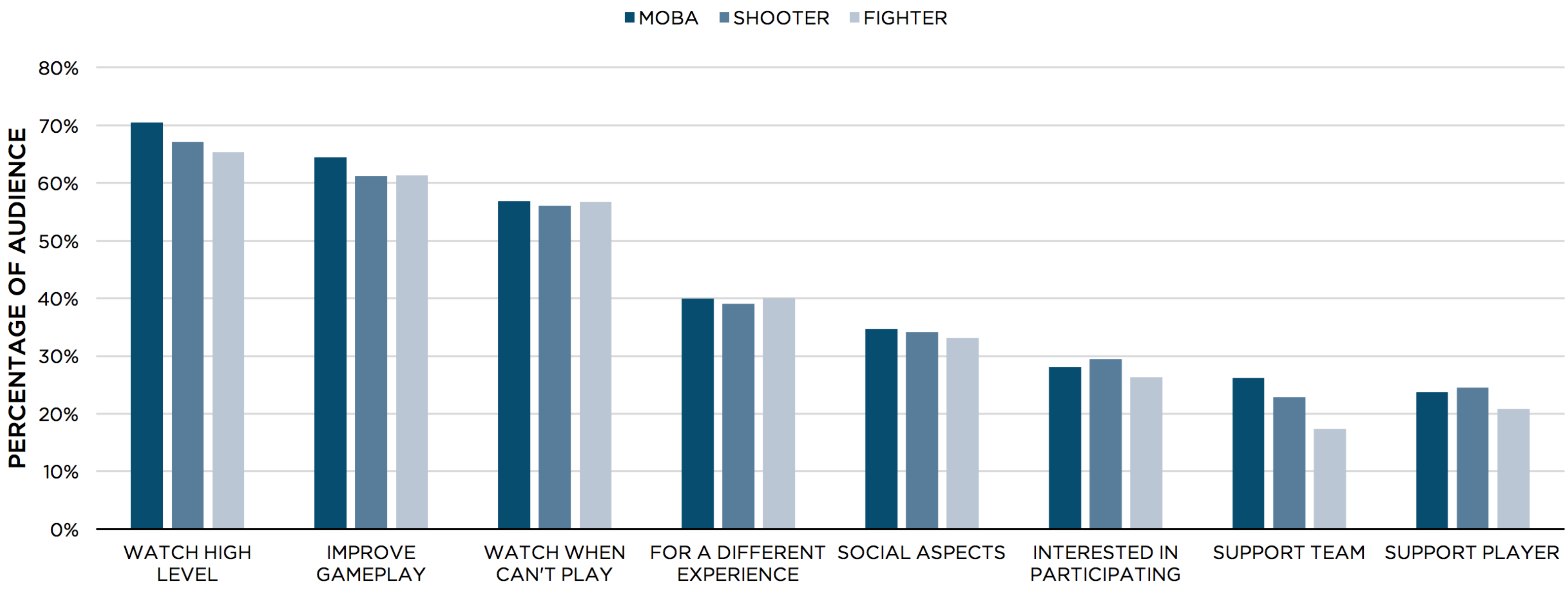
SOURCE: EEDAR

ESPORTS PROFILING

THIS SECTION ANALYZES ACTIONS AND MOTIVATIONS FOR ESPORTS PLAYERS, SPECIFICALLY FOCUSING ON THE TOP THREE GENRES IN MOBA, SHOOTER, AND FIGHTING.

TOP REASONS TO WATCH ESPORTS

[NA][2015][INTERACTED WITH ESPORTS IN PAST YEAR]



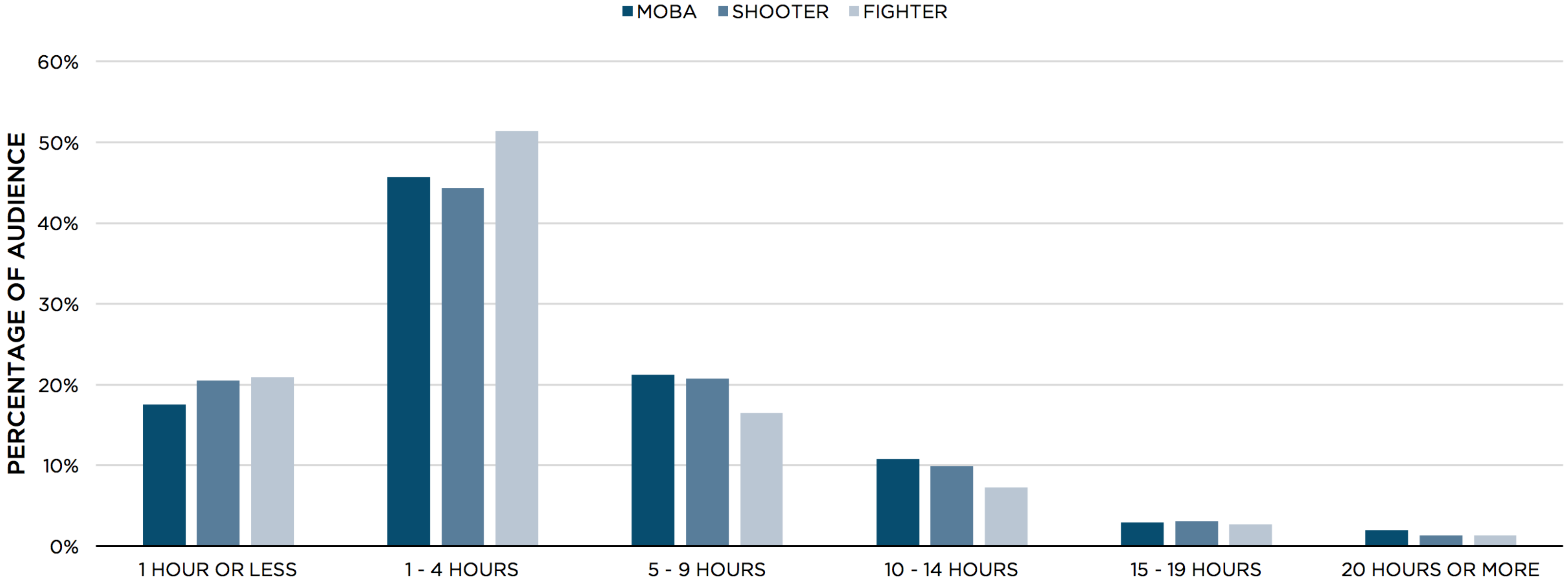
eSports audience members most highly valued skill as their primary reason for watching while the possibility of improving personal play was the second most important reason. In both cases, MOBA watchers over-indexed compared to the other genres, which points to MOBA users being very interested in the competitive elements of their game.

Currently, Fighter eSport watchers under-indexed in relation to supporting a team or player. Partially, this speaks to MOBA and Shooters doing a better job of creating team support and player narrative, though these genres also present a larger number of tournaments. Ultimately, Fighting games have an opportunity to engender support through player narratives.

SOURCE: EEDAR

WEEKLY HOURS SPENT WATCHING ESPORTS

[NA][2015][PC GAMERS][PEAK ESPORTS SEASON][INTERACTED WITH ESPORTS IN PAST YEAR]



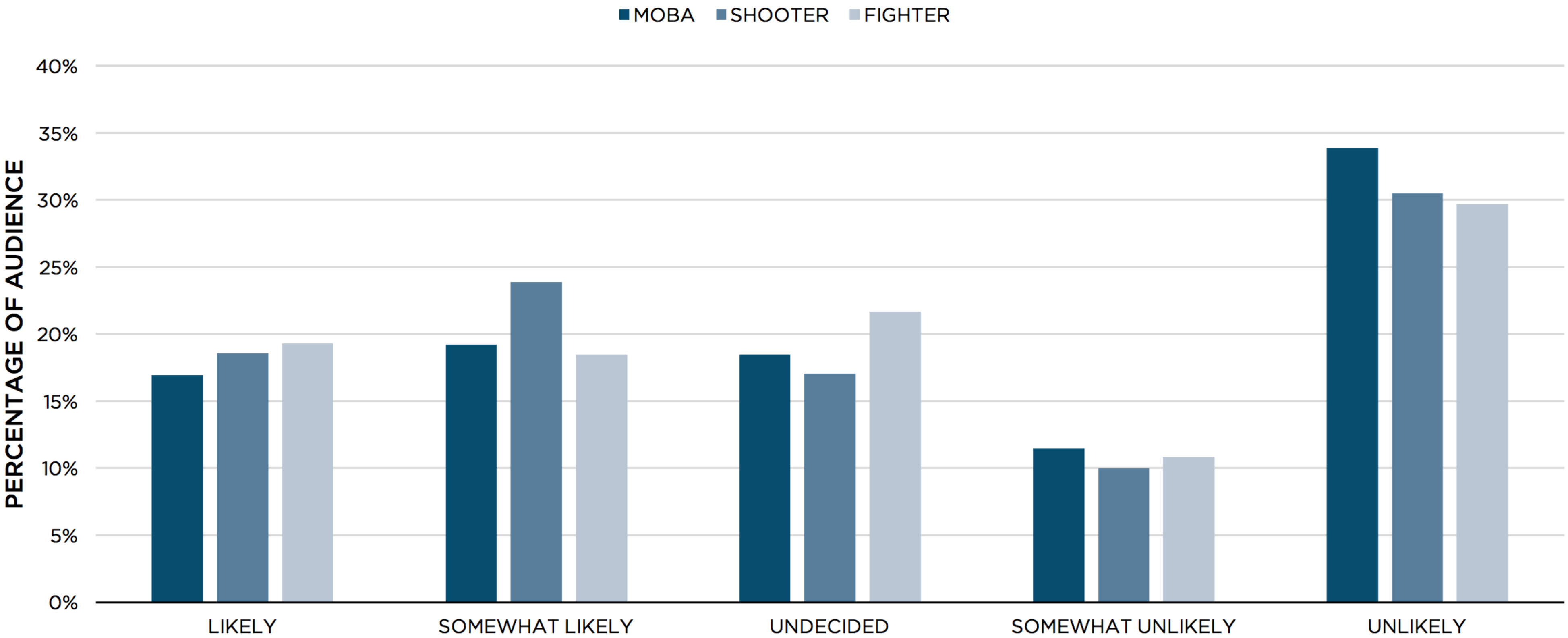
About half of eSports viewers spend between 1 and 4 hours per week watching eSports. Another 20% watches for less than 1 hour per week while another 20% watches 5 to 9 hours. Only about 10% watch between 10 and 14 hours while less than 5% watches for more than 15 hours per week.

MOBA eSport users watch for the largest number of weekly hours followed by Shooter eSports watchers. Currently, Fighter eSport watchers watch the least with 72% of their viewers watching less than 4 hours per week. Comparatively, only 64% and 65% of MOBA and Shooter eSports watchers, respectively, watch less than 4 hours.

SOURCE: EEDAR

LIKELIHOOD OF ATTENDING FUTURE ESPORTS TOURNAMENTS

[NA][2015][INTERACTED WITH ESPORTS IN PAST YEAR]



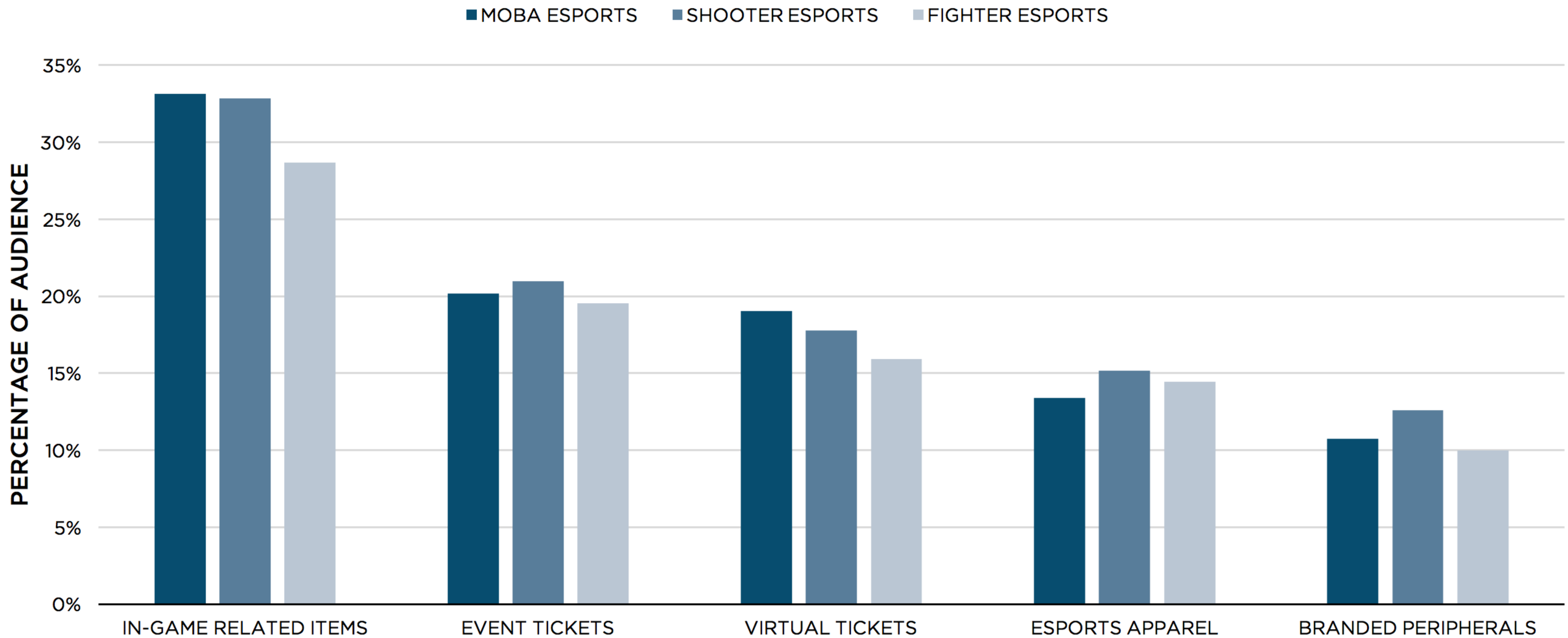
About 40% of users are unlikely to attend a future eSports tournament while about 36% to 43% state that they are likely to attend. The Shooter players actually had the largest percentage of users who were likely to attend a tournament while MOBA users commanded the largest share who were unlikely to attend. Fighter players had the greatest share of undecided users.

One potential reason relates to the massive number of MOBA players. Within this group, due to its large size, are users of varying levels of eSports interest. In comparison, since Shooter and Fighter eSports groups are smaller, it's generally the most core users who comprise these two groups.

SOURCE: EEDAR

PURCHASE OF ESPORTS-RELATED ITEMS

[NA][2015][INTERACTED WITH ESPORTS IN PAST YEAR]



eSports viewers have the opportunity to purchase a number of related items. Most popularly, in-game eSports items have been purchased by the largest number of fans. Roughly a third of eSports viewers have purchased these items while about 20% have purchased either a physical event ticket or a virtual one. About 13%-15% have bought eSports-related apparel.

Overall, MOBA and Shooter eSports fans have seen greater conversion rates than Fighter fans. Partially, this is due to the PC infrastructure for MOBA and Shooters, which allows for easier access to in-game eSports items or Virtual Tickets.

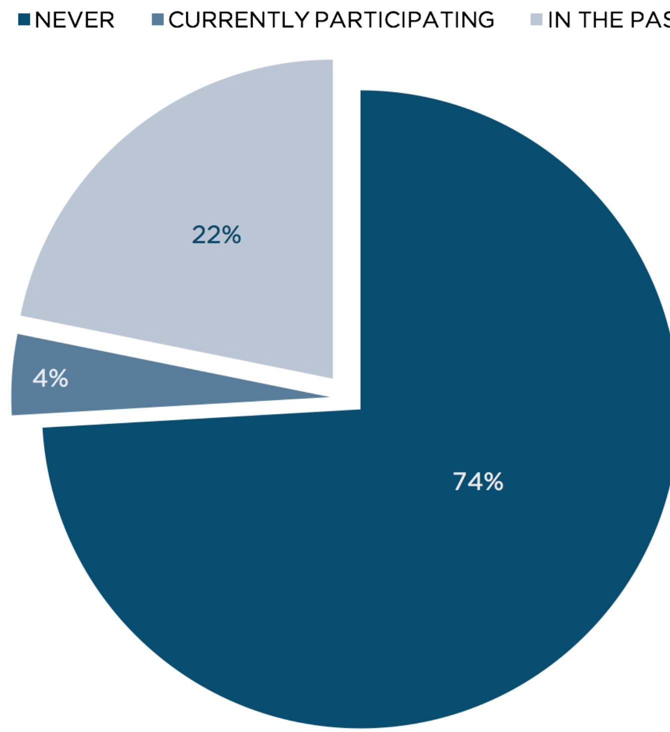
SOURCE: EEDAR

Roughly 26% of users have participated in an eSports fantasy league with about 4% currently participating in one while 22% state that they participated in one before. About three quarters of the audience have never participated in an eSports fantasy league.

Currently, MOBA games are heavily driving eSports fantasy. Games like *League of Legends* or *Dota 2* pit teams of players against one another. In addition, *League* has a regulated season structure. These two points allow for a consistent fantasy league to be run while using a large number of professional players.

ESPORTS FANTASY LEAGUE PARTICIPATION

[NA][2015][INTERACTED WITH ESPORTS IN PAST YEAR]



SOURCE: EEDAR

ENGAGEMENT AND PURCHASE BEHAVIOR

THIS SECTION ANALYZES ENGAGEMENT METRICS, HEAVILY FOCUSING ON PLAYER SPENDS, PLATFORM OWNERSHIP, AND HOURS SPENT.

ESPORTS CONSUMER ANALYSIS

EEDAR 2015 SYNDICATED REPORT

The Industry Standard for Understanding the eSports Market & Gamer

Gain insights into eSports player investment and behavior, including spend for in-game products, hardware, and peripherals.

Target the growing eSports player base with data on their favorite platforms, preferred genres and means of game discovery.

Learn about eSports players both in and out-of-game, their reasons for engaging in eSports activities, and the brands that have most effectively leveraged event sponsorship.

SUMMARY

From player motives and spending behavior to the use of streaming services and out-of-game activities, EEDAR's eSports Consumer Analysis 2015 report provides a detailed look at the eSports market and the deeply-engaged users that drive it. The 2015 report includes responses from two surveys comprised of 1,000 active PC gamers each.

KEY BENEFITS

- Demographic profiles and gaming habits for eSports players
- Engagement and spend rates on hardware, peripherals, and microtransactions.
- Players' game discovery sources and motives to play
- Frequency of non-gaming activities and common topics of interest
- Streaming data, including preferred services and hardware platforms
- Brand awareness among eSports-related brands (energy drinks, hardware, and peripheral companies)
- Market Leader and Future Market Entrant Analysis for each of the core eSports genres

CONTACT

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METHODOLOGY & ABOUT EEDAR

RESEARCH METHODOLOGY

Electronic Entertainment Design and Research (EEDAR) gathers its information from a variety of sources. EEDAR goes to great lengths to verify the accuracy of its information, as detailed below.

Where information is publicly available from an authoritative source, such as the issuer or the responsible industry agency, that data is used as authoritative. All authoritative information is then double checked by an EEDAR researcher through direct observation or by cross referencing the data with other authoritative sources. Where possible, the data that is visible to the consumer is used: this includes information printed on the retail boxed product or displayed on the manufacturer website. When discrepancies arise between authoritative sources, additional sources are checked until a clear consensus emerges.

Where information is not publicly available, EEDAR's internal staff performs directed studies to gather the appropriate data. Our researchers work using custom-built data collection and analysis applications. Each researched fact has an objective observation system which ensures that researcher bias is eliminated. Our data research is performed by multiple researchers simultaneously to ensure that individual facts are cross-checked before being input into the classification system established for that fact. Once information has been entered in the EEDAR Games Database, quality assurance staff reviews the data using boundary analysis tools to identify errors and pinpoint difficulties in the classification systems. Our quality assurance team maintains rigorous performance metrics and ensures that each report is validated to the highest quality standards.

EEDAR attempts to use standard industry vernacular and information classification whenever possible. Where industry standard vernacular or classification structures are not available, EEDAR uses its own vernacular and/or classification systems. This would occur in areas where no industry recognized authoritative body exists, or in areas where multiple authoritative sources use different classification systems. All of the classifications systems created for these reports by EEDAR researchers are detailed in the appendix sections of EEDAR documents. All data from sources other than the EEDAR Games Database are clearly cited.

ABOUT EEDAR

Founded in 2006 by video game industry veterans, EEDAR is the largest specialty video game research firm in the world.

Leveraging a proprietary database of over 165 million internally researched data points from more than 125,000 physical and digital video game products, EEDAR is the sole provider of end-to-end integrated data analysis solutions that allow for the examination of every factor influencing the success of past, present, and future video game titles.

EEDAR's well-known services include GamePulse® (a continuously updated application converging data for physical and digital game industry research), sales forecasting, data feeds, discovery and recommendation technologies, and custom research services.

EEDAR is based in Carlsbad, California and has been recognized by Forbes Magazine as one of America's Most Promising Companies and also holds the Guinness World Record for the largest collection of video game facts and information.

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