



Esports & TV : Where the Future of Digital Entertainment Connects

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1 • WHAT IS ESPORTS?

Esports is competitive multi-player video-gaming organised by enthusiasts and professional organisations to be watched by spectators at venues. Thanks to the Internet, viewers can watch contestants located in different countries compete virtually as well.

Esports can be watched live or on-demand via streaming services on computers, smartphones and other digital devices. It is increasingly also broadcast on air via linear broadcast TV. After spending several decades as an underground activity played online by fanatical gamers for their friends to watch, esports became a marketing platform for physical console-based game publishers.

However, in recent years, with the growth in online multi-player games, esports has evolved internationally into an accessible revenue-generating commercial business.

Professional esports, where gamers compete against each other, at live events before billions of fans in physical venues and at home, for multi-million-dollar cash prizes, is arguably the first online creative-industry entertainment with the potential to develop into a global mass-market phenomenon.

Its digital-first origins have seen it develop a unique multi-format infrastructure: It is simultaneously compared to physical sports because of the competitive tournaments; to TV entertainment, thanks to its huge live-streaming audiences; and to out-of-home entertainment created for spectators at constantly sold-out physical venues.

It also originates from the video-games sector, which generated US\$175.8bn in 2021 and is forecast to reach US\$217.9bn in 2023, according to research firm Newzoo.

Bear in mind that in pre-pandemic 2019, the global recorded-music market earned US\$20.1bn (source: IFPI), revenues for the global movies box-office came to US\$42.5bn (Comscore), while streaming TV yielded US\$83bn (Digital TV Research). Combined, that is less than the US\$152bn Newzoo estimated was spent on video games that year.

It is such figures that makes it difficult for the international entertainment industry, including the linear and streaming-TV markets, to ignore the rapidly growing esports and related competitive gaming. On its own, the relatively new esports sector is forecast to generate US\$1.1bn in 2021, a healthy 14.5% increase from 2020, explaining why it is attracting venture-capital firms, high-profile sports organisations, teams and athletes and global consumer brands among its investors.

STAKEHOLDERS AND REVENUE STREAMS

The key esports stakeholders comprise the video-game publishers, which invariably own the intellectual property (IP) of the video-game title. It licenses the title to an esports organisation, which develops, recruits and organises its own teams and players.

As in traditional sports, esports teams are likely to belong to franchises that participate in competitions organised by leagues.

The core revenue sources for esports are brand sponsorships, media rights, advertising, ticket sales, sales of physical and digital merchandise.

Future growth inevitably stalled when Covid-19 restrictions forced the cancellation of venues-based esports events worldwide.

Its digital-first infrastructure, however, made competitive gaming one of the very few entertainment industries to pivot seamlessly online for all commercial and creative activities.

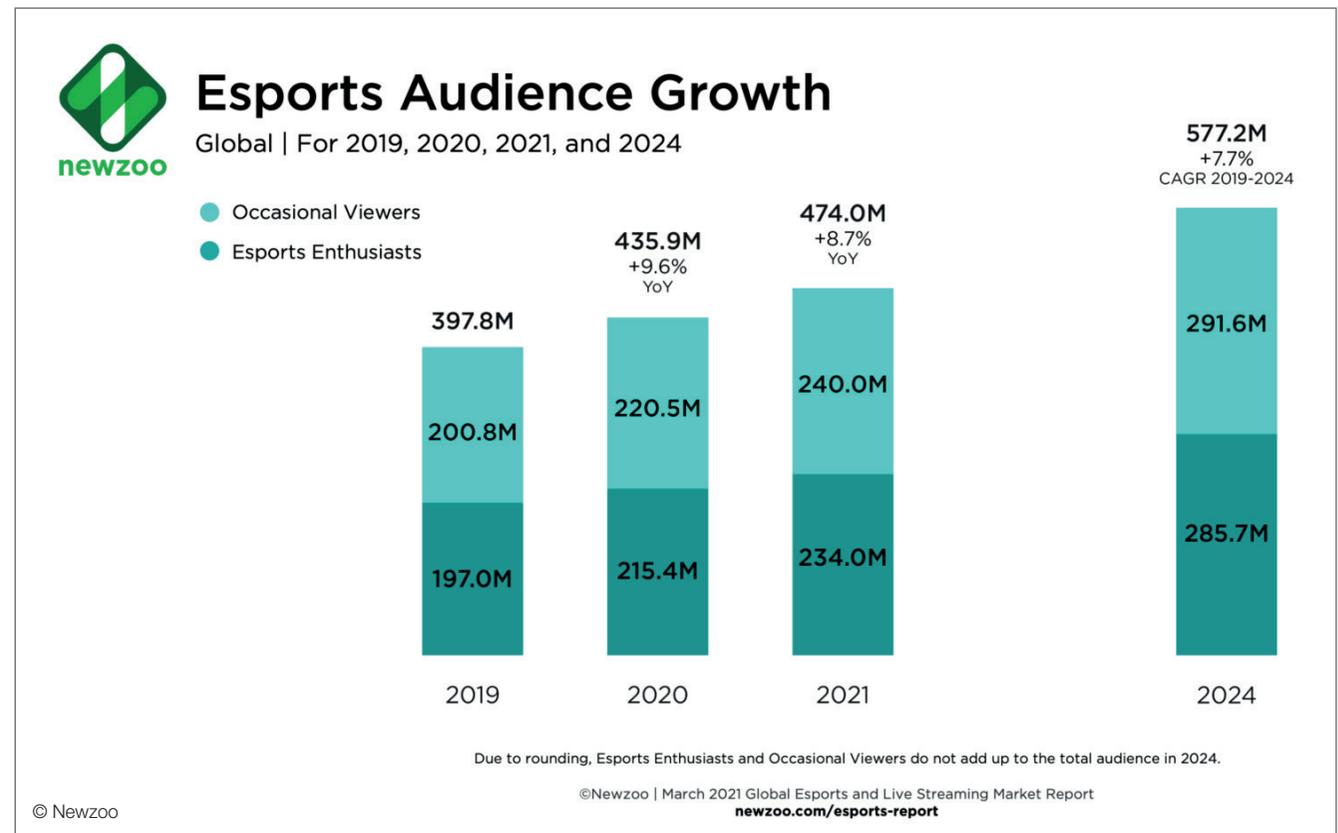
THE AUDIENCE

Newzoo predicts that the global number of esports viewers at live events and on streaming platforms will grow to 577 million-plus in 2024, at an average annual rate of 7.7%.

Among the esports and gaming-dedicated platforms that attract fans and viewers is the live-streaming service

Twitch, the market leader, followed by YouTube Gaming, Facebook Gaming plus China's Huya and Bilibili.

The number of established video games that have become viewer-friendly in esports (i.e., they can be structured to be played by opposing teams, cheered on by their respective fans) is increasing.



Among the popular esports game titles are League of Legends published by Riot Games), Call of Duty (by Activision Blizzard), Counter-Strike: Global Offensive (Valve and Hidden Path Entertainment), FIFA 21 (Electronic Arts) and Dota 2 (Valve).

KEY INVESTORS

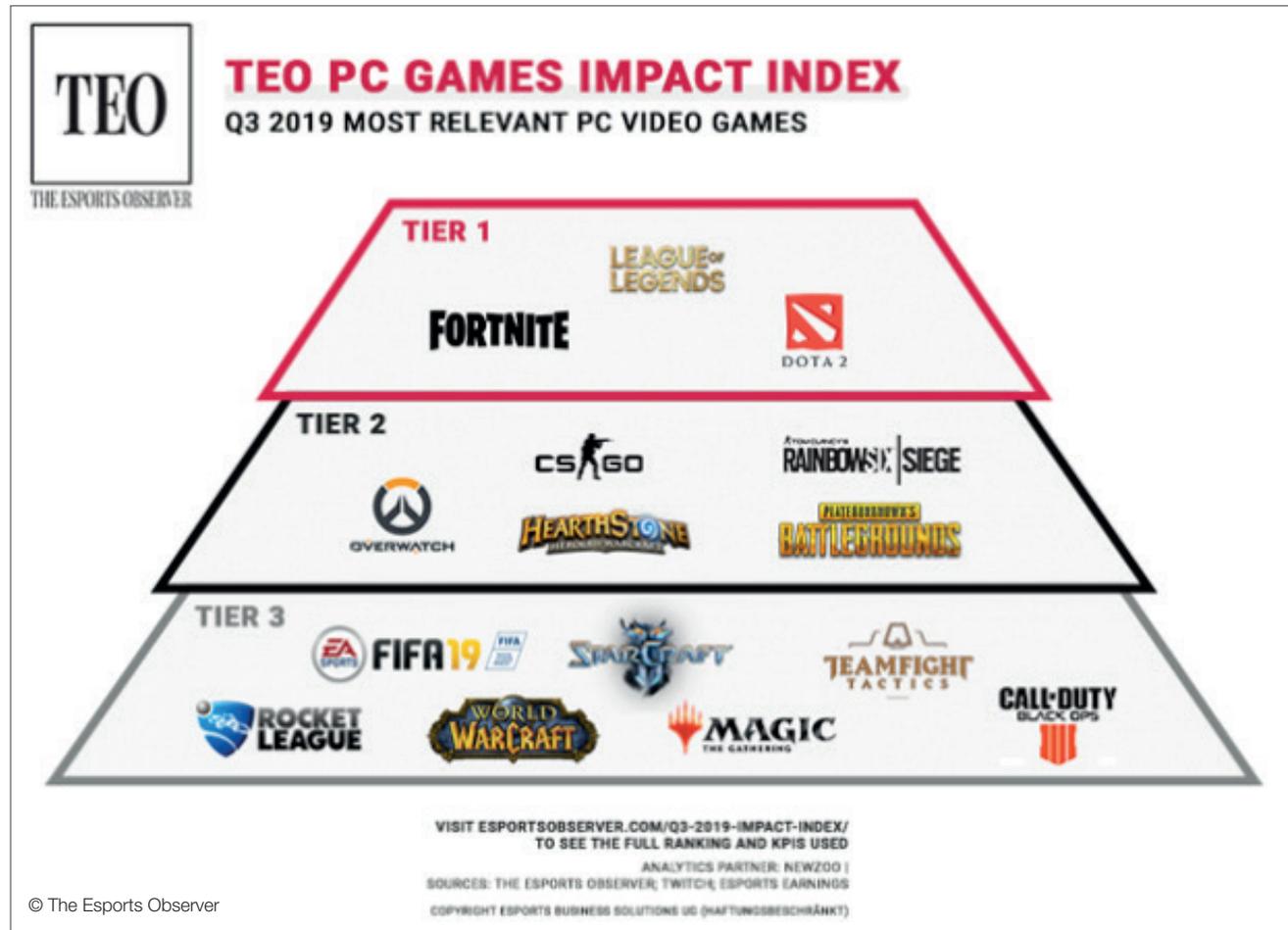
China-based Tencent Holdings, the world's largest games publisher in revenue terms, has invested heavily in esports organisations/game developers. It owns US-based Riot Games and holds significant stakes in US-based Epic

Games and South Korea's Krafton. Rival US-based publisher, Activision Blizzard, set up the pioneering Overwatch League that initiated franchised-based professional tournaments in esports.

There are esports tournaments organisers and content producers attached to mass-media conglomerates. Among the biggest is ESL, a subsidiary of Modern Times Group, which is the sister company of pan-Nordic broadcast-TV giant NENT Group.

Other competitions are developed by traditional sports organisations, such as the NBA 2K League Championship, which is part of the US' National Basketball Association.

But esports and competitive gaming are still embryonic in terms of monetisation and profitability. Its popularity among young digital natives and increased awareness among general consumers caught the attention of the traditional-entertainment sectors, including the international broadcast-TV sector.



2 • ESPORTS' AUDIENCE AND CONSUMER HABITS

Esports and other competitive-gaming entertainment have hooked today's Internet-nurtured Millennials (those born between 1981 and 1996) and Gen Z (born between 1997 and 2012).

The emerging Generation Alpha (born after 2012) take esports and other digital-first media and entertainment for granted.

But there is more to an esports devotee than the stereotypical young male stuck in front of a computer screen all day long. More Gen X consumers, the parents of Gen Z youth, gained awareness of esports's popularity while discovering new forms of entertainment during the Covid-19 lockdowns.

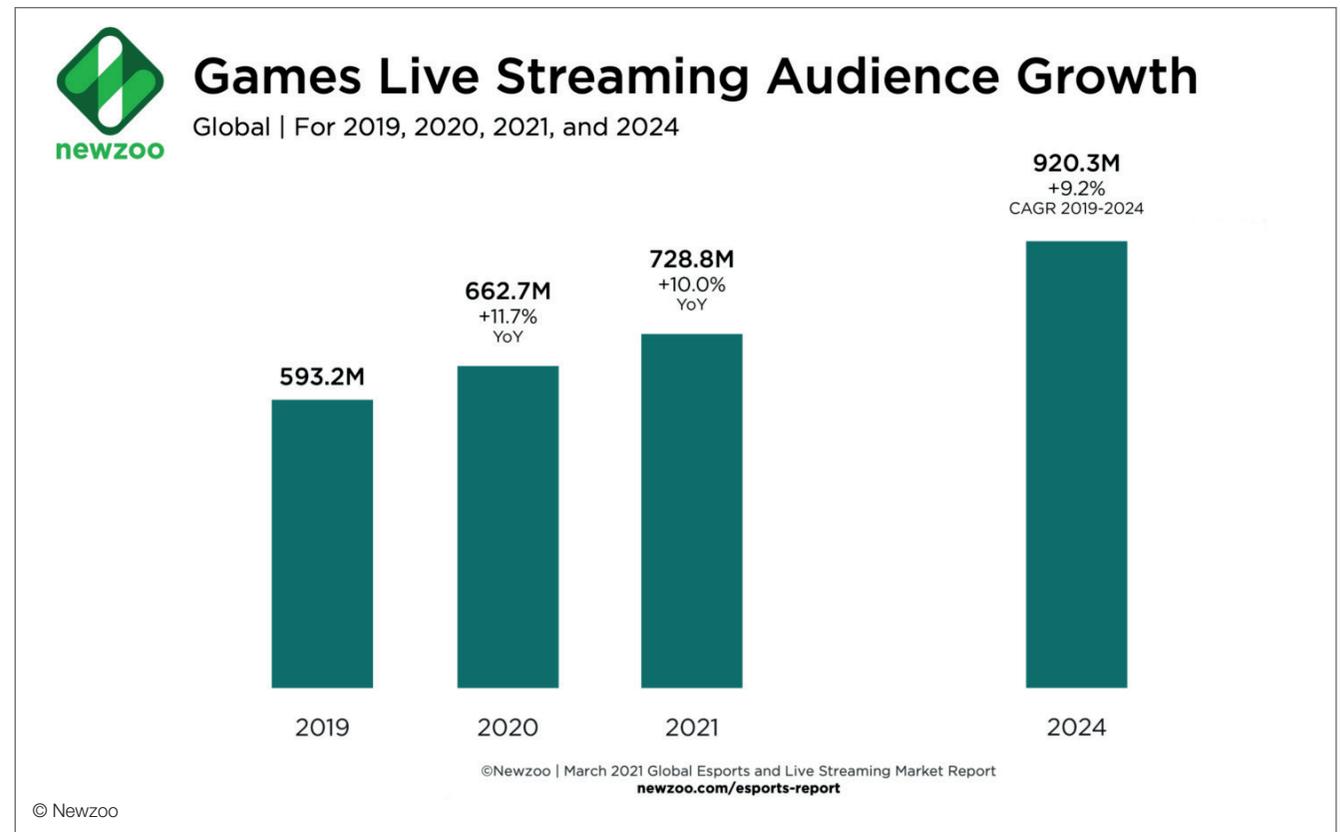
These demographics are part of the backdrop that cements the still-evolving esports's status as key to the future of media and entertainment.

NUMBERS

The size of the dedicated esports audience alone is forecast to reach 474 million by the end of 2021, according to specialist research group Newzoo.

Additionally, it says, the size of the live-streaming audience expected to watch

gaming content, including professional esports events, will grow 10% globally to about 729 million in 2021 from the previous year. The live-streaming gaming number could reach an estimated 920 million by 2024, 577 million of whom will be esports viewers.



In April 2020, fans watched 157 million hours of League of Legends (LoL) esports on Twitch, the leading international live-streaming platform dedicated to competitive gaming. The audience for Call of Duty esports watched 111 million hours on Twitch during the same month.

To illustrate the fervour of esports fans further, more than 6,000 of them won tickets to watch the final of the International League of Legends World Championship in October 2020 – at the height of the pandemic.

This was inside the brand-new 25-acre 37,000-capacity Pudong Football Stadium in Shanghai, in socially distanced settings with other high-level tech-powered security checks.

An additional 45 million-plus devotees watched that event online. As NBCnews.com stated: “In the last few years, more people have watched this tournament than the Super Bowl or the NBA Finals” on TV.

BRANDS

International brand owners seeking to tap into the media and entertainment that appeal to today’s cord-cutting youth, who tend to shun linear-TV shows, have hiked their interest in esports.

Broadcast-TV audience is aging. In the US, Nielsen data indicates that only viewers at the age of 65 and older remained loyal to live broadcast TV between 2014 and 2020. Viewership among younger audiences has been plummeting.



© Milenium.gg

Gen Z fans and young adults prefer the digital interactivity that is entrenched in esports. Now, high-profile consumer-facing brands targeting them are committing.

Luxury marketers Louis Vuitton, Burberry and Gucci, auto makers Porsche and BMW, financial services giants Visa and MasterCard are among the big-name non-endemic brands entering

the esports space. They are joined by beauty brand L'Oréal Paris, food-and-beverages manufacturers PepsiCo, Red Bull, Doritos, KitKat, Lion Cereal, Pringles, and more.



© Esports BAR

BROADER AUDIENCE

One insight regularly addressed during the Esports BAR events has been the increasingly sophisticated methods used to identify the viewing habits of competitive-gaming audiences.

Nicole Pike the Global Sector Head of Esports & Gaming at YouGov, the global market-research group, frequently advises brands to become more involved in the esports community. This will help ensure the authenticity esports fans expect in marketing messages. During the 2020 edition of Esports BAR+ America, she and other speakers recommended that brands treat competitive gaming in the same comprehensive way they would when sponsoring or advertising around other forms of entertainment, including live sports, concerts, movies and linear TV.



Nicole Pike
Global Sector Head of Esports & Gaming at YouGov

Moreover, marketers should invest in related high-level market research.

As Pike pointed out, a YouGov survey of US esports fans and viewers of live video-game streaming illustrated that esports fans are very likely to go to a bar for a drink or use gyms.

“All of a sudden, you go from this image of a young male to really being able to think more about how their psyche is working, what they value, what they are thinking about,” Pike stated during Esports BAR+ Americas.

3 • STREAMING PLATFORMS & MEDIA RIGHTS: NEW OPPORTUNITIES FOR ESPORT

As a professionalised revenue-generating sector, esports is young and still unprofitable compared to the TV, music and sports-entertainment businesses. But in mass-media terms, it is one of the fastest growing industries.

With Netflix, Amazon and sports-dedicated platform DAZN among the world's most influential media owners, Internet-powered streaming/OTT (over-the-top) entertainment is now embedded in popular media and culture.

What is also indisputable is the role that the distribution of esports and other competitive-gaming content has played in this development.

Esports's popularity on streaming media has been swift. Its young audience access content that is free (no pay-TV subscriptions or advertising required) as long as the viewer has connectivity.

Millions of esports viewers and/or gamers (those who watch and/or play occasionally) can find their favourite streamers or influencers by tuning into global games-dedicated live-streaming platforms.

The leading streaming-esports platforms include US-originated services like the Amazon-owned Twitch, Google's YouTube Gaming, and Facebook Gaming.

Other major international platforms, such as Huya, DouYu TV and Bilibili, are in China.

These platforms are home to the live broadcast of the high-level competitive-gaming tournaments. Esports streamers also use the platforms to host their own competitions, including professional-standard contests, as user-generated content.

Then, there are the esports-dedicated linear-TV networks, which are targeting streaming viewers too. International operators include GINX Esports TV, US-based VENN and Southeast Asia's eGG Network.

ESPORTS AS MONETISED MEDIA

Esports streamers are able to make a living online via the direct-to-consumer format, by accepting monetary donations directly from fans and/or hosting online stores selling physical or digital merchandise.

This makes up for the fact that esports audiences are not keen on traditional forms of digital advertising that might disrupt play.



©Twitch

Meanwhile, the streaming platforms are producing their own sponsored-funded high-end original shows. These include Twitch Rivals, where Twitch draws an online crowd by inviting popular streamers and former esports professionals to compete against each other.

The biggest attractions, however, are the live coverage of the professional esports tournaments. Esports viewers stay glued to their computer, smartphone or connected-TV screens for mega competitions like the League of Legends World Championship, the Fortnite World Cup, the Overwatch World Cup, and the Call of Duty League Championship.

MEDIA RIGHTS VALUE AND DEALS

The competitive aspects of live esports and its passionate spectators have been compared to the big-league physical-sports competitions aired on broadcast TV.

Just as the must-watch annual Super Bowl in the US features live concerts during the intervals, Riot Games has been hosting Augmented-Reality entertainment featuring holographic performers during its League of Legends Championship finals.

Such slick production standards in esports have seen the top OTT gaming platforms compete for events' exclusive live media rights.

Now, experts predict media rights could soon match, even possibly exceed, sponsorship as esports's core revenue source.

Research group Newzoo forecasts that US\$833.6m in revenues will come from media rights and sponsorship combined, accounting for 75%-plus of the overall income, in 2021.



©TechTheLead

By 2024, these two revenue streams will add up to more than US\$1.1bn, from the US\$1.617bn in total esports revenue.

These predictions have been partly inspired by some recent interesting media-rights deals.

For a reported US\$160m, Google's YouTube has snatched away the streaming-esports rights to Activision Blizzard game Overwatch from Twitch and received the rights to the Call of Duty and Hearthstone games too.

Twitch then acquired the exclusive English-language digital live-streaming rights to major ESL and DreamHack events for 2021 and 2022.

Chinese live OTT platform Huya recently agreed to pay a reported US\$310m for the exclusive rights to broadcast the Chinese edition of League of Legends from 2021 until 2025.

MEDIA RIGHTS INNOVATION

**Ukraine-based venture WePlay Esports has taken advantage of the still developing streaming media to create a new tournament, WePlay Ultimate Fighting League (WUFL). In addition

to specialising in esports competitions based on fighting and martial arts games, like Tekken 7, WUFL has snapped up DAZN, the streaming platform dedicated to traditional physical sports, as its global broadcast partner.



****BLAST**, famous for successfully selling its Counter-Strike esports events to national linear broadcasters and streaming services worldwide, has added Bolt+ to a new line-up of media deals. Bolt+ is described as an interactive blockchain-based app that incentivises viewers to stream on-demand content, watch live events and win cryptocurrency rewards by betting or entering quiz games.

****A relatively new player** is ESPAT Media, a dedicated esports, gaming and digital media-licensing service provider. It distributes the accredited images and videos of esports teams for commercial and editorial uses. The esports teams currently partnering ESPAT include those belonging to Spanish esports organisation MAD Lions, Hong Kong's Talon Esports and US-headquartered Misfits Gaming.

****French live streaming video pioneer** easylive.io used its cloud-based technology to enable some of its biggest esports clients, including tournament organisers ESL and Dreamhack, to continue to provide live shows remotely despite the Covid restrictions.

CHALLENGES

****Audience measurement**

TV-audience ratings, based on the number of viewers in TV homes, have been established for decades thanks to technology developed by companies like Nielsen in the US.

An equivalent is needed for esports streaming of events as content producers seek to quantify a financial value of the multiplatform viewership for their commercial partners.

The industry is currently working with the Average Minute Audience (AMA) metric to measure audience behaviour among fans growing up in the social-media era and the streaming age.

As YouGov's Nicole Pike, formerly at Nielsen, explained to Esports BAR: "AMA is the average number of people who were viewing a programme at any given point through the duration of the broadcast. There are two ways to calculate AMA: one is to take an average of time-stamped viewing over the course of a broadcast; the other is to divide total minutes watched by total minutes of broadcast."

****Fragmented universe**

The esports universe remains highly fragmented. The industry still needs to establish an international governing body, in the same way that FIFA oversees soccer practices globally, to implement agreed standards by all the stakeholders, from the esports organisations to the dedicated streaming services and broadcasters.

As some critics point out, it is difficult to measure success in financial terms in competitive gaming for this reason.

For example, the world's biggest video-game publisher, China's Tencent, owns the leading esports organisations like Riot Games and its top-ranking League of Legends events.

Another subsidiary is Epic Games, which operates the in-demand Fortnite esports competitions. Moreover, Tencent has significant stakes in Chinese streaming broadcasters Huya and DouYu. These relationships, critics argue, make it difficult to see where investment ends and potential profitability begins.

4 • TRADITIONAL TV & ESPORTS: OPPORTUNITIES AND CHALLENGES FOR BROADCASTERS & PRODUCERS

Right now, the vast majority of esports viewing takes place on streaming platforms including Amazon-owned Twitch, YouTube Gaming, Facebook Gaming and Tencent-backed Huya and DouYu. So it's no surprise the TV industry would like a piece of the action...

A RECENT report from market analyst Newzoo estimates that the global esports audience is a staggering 474 million. With projected annual growth of 7.7%, this figure is expected to pass half a billion next year and reach 577 million in 2024.

Not only are the raw numbers huge and growing, but **the average esports fan is just 26 years-old. By contrast, most traditional TV channels are playing to audiences aged 50+.**

Winning over esports audiences is not, however, a simple process. Even Microsoft struggled to establish a presence in esports – closing down its Twitch challenger Mixer last year. For broadcasters to stand any chance of securing buy-in from this sector, they need to consider the following factors:

ESPORTS IS NOT THE SAME AS GAMING

Outsiders often confuse esports with gaming, but they're not the same. Esports is about large groups of fans

watching professional gamers – teams or individuals – compete in video game franchises like League of Legends or Call Of Duty. This is distinct from sitting at home and playing alone or with friends.



CAPTION: Call of Duty. Picture: Activision Blizzard Inc.

Definitions are blurred by the existence of events that allow amateur players to progress through knockout rounds to compete for professional scale prize money. **But the fundamental point is that esports as a viewing experience behaves like live sports.** Broadcasters that want to embrace this opportunity need to be thinking primarily in terms of core event coverage – live or highlights – and shoulder programming.

ESPORTS EVENTS HAVE THEIR OWN DISTINCT RHYTHM

Esports events are long, immersive experiences that run over hours or days. The League of Legends World Championship, for example, is a month-long event that culminates in a Grand Final.

So broadcasters have to decide how much of that narrative they want to engage with. Similarly, esports events are unpredictable in terms of length – which is unhelpful for broadcasters. To some extent this is also true of events like cricket and golf, so it's not an unfamiliar concept. But esports broadcasters would need to build enough flexibility into their



CAPTION: The League Of Legends World Championship. Photo: Riot Games

schedules to ensure they are covering the events as the audience would want them to. Either that, or develop their own shorter event formats – then wait and see if esports fans accept them.

ESPORTS IS HIGHLY INTERACTIVE AND COMMUNITY-BASED

Esports is much more social, interactive and community-based than TV. While a strong competitive component is crucial to esports, just as important is the way

in which fans can connect with players, teams, friends, communities, influencers and content creators.

Some of this interaction occurs via social media platforms like Twitter and Instagram, but much of it happens within Twitch and other such services. **So if broadcasters aren't able to provide their own forms of immersive engagement, fans will question why they bothered.**

Compounding this is the fact esports fans are deeply mistrustful of inauthentic attempts to enter the sector. So broadcasters must ensure the mechanics and manner of engagement don't trigger pushback from fans. Clumsy sponsorship integration or intrusive attempts to gather fan data won't go down well.

ESPORTS CONTENT CAN JAR WITH TV AUDIENCES

TV has plenty of violent content, but **esports imagery can be a turn-off for traditional TV audiences.** Allowing esports content into the TV space unfiltered could trigger an audience and regulatory backlash, while softening its tone could turn off esports fans. The International Olympic Committee has been pondering this issue for years and recent voted for closer ties to esports – but it expressly rejected association with violent video games.

A FEW EXAMPLES...

The above observations haven't prevented some broadcasters from taking the plunge into esports, with ESPN, NHK, the BBC, NENT and Pro7Sat1

among the early pioneers. 2020 also saw broadcasters experiment more with esports coverage because of the loss of so many traditional sports events. Here are a few examples of how they approach the esports opportunity:

Nordic Entertainment Group (NENT) has two advantages in esports – strong streaming capabilities and esports

subsidiary DreamHack. In 2020, NENT became joint owner of Danish **FIFA** competition, **eSuperliga**, and then streamed around 200 hours of action including matches with live commentary, studio segments, and FIFA tutorials. Select matches were also available on the company's TV3 MAX channel in Denmark.



CAPTION: Try Hard. Photo: NENT Group

NENT also commissioned an eight-part esports-themed comedy called Try Hard. Originated in Denmark, it follows five gamers trying to break into the esports scene. NENT group chief content officer Filippa Wallestam says: “The time is right for a smart, funny series that tells a universal story of personal ambition and the search for success.”

ProSiebenSat.1's 7Sports division holds the German-speaking broadcast rights to a series of esports events organised by ESL events. Under the terms of the deal, events are shown on ProSieben Maxx, ProSieben Fun, and eSports.com.

Torsten Haux, vice-president global media rights at ESL, says the partnership “has proven esports’ potential to bind young audiences to traditional media houses and their platforms”.

The strategy has been driven by [Stefan Zant, managing director of Seven.One Sports](#), who says Maxx is attracting audiences of up to 130,000: “We will get esports out of the niche in Germany and make them just as popular as other sports.”

Pro7Sat1 is able to show extended coverage via its esports.com subsidiary – but key to working in a more traditional

TV context is emphasis on explaining the mechanics of games. On Maxx’s magazine show ‘ran eSports - Professional Gaming Magazine’, studio-based experts analyse moves and explain tactics.

ESPN has pioneered coverage of esports on television. In 2020, it covered more than 20 esports events, including a dedicated ‘esports day’. Key initiatives have included the creation of [EXP, a gaming series](#) featuring esports competitions at ESPN-owned events; and a collaboration between [Psyonix’s Rocket League](#) and ESPN’s long-running action games franchise [The X Games](#).



CAPTION: Rocket League. Picture: Psyonix

ESPN is also proof, however, that esports is a tough beat for broadcasters to cover in depth. At the end of 2020, the company sent shockwaves through the business by shutting down its esports editorial division – the team that has been providing ongoing coverage of the sector for the last five years.

THREE BROADCAST APPROACHES TO ESPORTS EVENTS

With big tech crawling all over esports, it's clear that broadcasters will never displace

the streamers. Success will require a complementary strategy – analogous perhaps to the way free TV has handled the migration of traditional sport to PayTV. Predominantly, broadcasters will adopt three approaches to esports events – **highlights, live coverage of the latter stages of competitions or shorter duration events** (think Twenty20 cricket).

For producers seeking to develop a TV-based esports strategy, priorities should be dedicated esports **highlights and magazine shows**. In addition, there

may be room to use **esports talent and influencers in lifestyle and panel shows**. Potentially, there is also scope for **competition-based elimination formats** – for example the opportunity for amateur gamers to win a place on esports professional teams. Dramas and comedies centred on esports may also emerge.

5 • THE POWER OF GAMING FRANCHISES FOR TV CONTENT

Recent figures show that esports is not the only way that TV can seek to harness the power of gaming franchises. Also growing in significance is use of gaming IP as the basis of TV content...

Esports is just one subset of the much bigger gaming sector. To put it in perspective, global gaming revenues are currently estimated to be between \$150-300 billion a year – compared to esports' \$1 billion.

In the same way that TV has turned to books and films as the source of great ideas, it pays to explore the rich potential of gaming's characters, stories and worlds.

Below are instances of high-profile gaming franchises that have been adapted either by streamers or traditional broadcasters.

POKEMON

Created by Satoshi Tajiri, Pokemon first appeared in 1996 as a Nintendo game for the Game Boy device. Adapted soon after as a TV animated series, Pokemon took the world by storm – airing in around 170 countries. The



CAPTION: Pokemon. Picture: The Pokemon Company

power of the franchise wasn't lost on Netflix, which secured exclusive control of new Pokemon episodes in 2020. Aside from the 1000 episodes in the core Pokemon catalogue, the franchise has also spawned various spin-offs

across genres – and was even the basis of ground-breaking AR activation Pokemon GO. And it paved the way for other Japanese animation series such as Digimon and Yu-Gi-Oh to enjoy success on the global stage.

Pokemon is an incredibly powerful L&M property – something that has certainly been enabled by the development of a TV presence. In 2020, the brand generated a remarkable \$5.1bn in retail sales.

THE WITCHER

To describe scripted series The Witcher a game-to-TV adaptation is a slight cheat, because the franchise actually started life as a series of books by Polish author Andrzej Sapkowski. The argument for putting The Witcher on this list is that it may never have been adapted by Netflix if it hadn't been released as an action role-playing video game in 2007. But the question that The Witcher really poses is this: **Would it have worked as a game-to-TV adaptation if it didn't have the written work's underlying mythology to draw on?** Would a pure gaming adaptation have sufficient substance to compete in a scripted TV universe occupied by epic series like Game Of Thrones?

ANGRY BIRDS

Rovio's hit franchise has a key place in this story because it proved that **a mobile game could be converted into a successful TV animation series.** The franchise's first foray into TV came as a series of short animation episodes in 2013. In 2016, Angry Birds was adapted as a movie and that provided the impetus for it to be reimagined as a longer-form animation series on Netflix ([Angry Birds: Summer Madness](#), 40 x 11 mins).

Ville Heijari, CMO, Rovio says: "Angry Birds animated content plays a key role in our long-term franchise strategy. After more than a decade in hit games, blockbuster movies and licensed products, this is the Angry Birds' first foray into a long-form series." The new series is being produced in partnership with Cake, which also distributes Angry Birds TV content.



CAPTION: Angry Birds. Picture: Sony Pictures France

HALO

Halo first appeared in 2000 and has grown to be one of the best-loved and most iconic game franchises on Microsoft Xbox – selling approximately 81 million copies. In 2012, a \$10m web series was created to support the launch of Halo 4: Forward Unto Dawn. Consisting of 5 x 15 minute episodes, the series was distributed as a TV property by Content Television and eventually popped up on Netflix. Today Halo is being produced as a bi-budget scripted series for ViacomCBS's new streaming platform Paramount+. Showtime is producing the series in partnership with 343 Industries and Amblin Television, so it should go some way towards answering the question we posed in The Witcher section: Can game-originated IP form the basis of epic TV?

LEAGUE OF LEGENDS

Most would agree that Riot Games' PC strategy game League Of Legends is currently the biggest esports franchise. And now it looks set to get its own animated series spin-off. Called Arcane, the series is being produced for Netflix



CAPTION: League Of Legends. Picture: Riot Games

and will follow “the origins of two iconic League champions – and the power that will tear them apart.” A 2-minute trailer of the series has just been released, with the full series due to launch in autumn 2021. While the series is not the first game-based animation series, **it is interesting because it is aimed at a teen/young adult audience – older than Pokemon and Angry Birds.** The show is Netflix's second attempt to leverage the popularity of high-profile esports franchises. Earlier this year, it launched Dota: Dragon's Blood, an eight-part animation series based on the Dota 2 gaming franchise.

CANDY CRUSH

This popular mobile game from Activision Blizzard gets an honorary mention because **it proved that games can also form the basis of TV gameshows – as opposed to drama or animation.** Launched in 2017 on CBS in the US, four teams of two competitors were tasked with conquering a set of challenges in the highly visual and larger-than-life Candy Crush arena. The show, created by Lionsgate, only lasted one season of ten episodes – but it did secure distribution into the Middle East.



CAPTION: Candy Crush. Picture: Activision Blizzard Inc.

Clearly, there was merit in trying to leverage the game's popularity on TV – but the unanswered question is whether the execution was wrong, or whether Candy Crush's core mechanic lacked the necessary attributes to work on television.

RABBIDS

A spin-off from the classic Rayman series, video game Rabbids focuses on a breed of mischievous rabbit-like creatures who speak gibberish and scream wildly. Created by Ubisoft, the

property first saw the light of day as a TV concept when Aardman created some pilot content at the start of the decade. Subsequently, Ubisoft teamed up with TeamTO to create a 26-episode series called Rabbids Invasion for France TV and Nickelodeon. Coming up to the present day, there have now been four series – a total of 104 episodes. For the last series, Netflix replaced Nick as a co-pro partner. The show has proved popular in Asia, where it aired on Disney Channel Asia, prior to the company's reorganisation around

streamer Disney+. In 2019, Ubisoft was also reported to be developing a new show based on Rayman – the franchise that birthed the Rabbids IP.

The above examples illustrate shifts from video gaming to TV, but the success of the Lego Masters format illustrates that pre-digital real world games can also form the basis of great TV shows. With Hasbro and Mattel both embedded in the TV business, expect more scripted and non-scripted concepts to emerge from board games and toys with strong playability.

**Business cases of Traditional TV
& Broadcasters collaborating successfully
with the Esports Industry**

6 • CASE STUDY – MEDIAPRO – A MAJOR TV BROADCASTER EXPANDED INTO COMPETITIVE GAMING AND WON THE ESPORTS VIEWERS



**Interview with
María Carmen Fernández,
Director of Innovation
and New Business
MEDIAPRO Group**



The media-and-entertainment business of Spain-headquartered MEDIAPRO Group today illustrates up how a free-to-air (FTA) broadcast-TV juggernaut can expand its domain even further by adding a successful esports business to its portfolio.

With offices in 58 cities in 36 countries globally, the award-winning (including the Oscars, Golden Globes and 28 Spain's Goya) MEDIAPRO is one of Europe's most prolific producers and distributors of TV dramas and feature films.

Almost three decades old, it creates entertainment content for its own FTA TV networks and OTT streaming platforms as well as for third-party TV-content sellers, broadcasters, pay-TV services and digital-media operators. Another One of the Group subsidiaries is one of the world's biggest TV production

studios (The Mediapro Studio), which creates shows for big-brand TV networks such as HBO, Netflix, Sky and TVE, and offers end-to-end broadcast-TV facilities and services worldwide to TV networks internationally.

It has also clinched the exclusive domestic and international live-TV rights to a host of top-flight traditional sports, from European soccer, basketball to international motor racing and extreme sports.

MEDIAPRO produces more than 15 TV channels worldwide, including several specialty sports channels. The Group is also involved in the production of 14 national soccer league competitions around the world. It has also produced events for the UEFA Champions League, FIFA World Cup, FIFA Confederations Cup, FIBA events and the Euroleague.

So, what was the appeal of esports and related competitive-gaming content?

“Five years ago, we examined how the entertainment-industry would evolve in the next five years and discovered that video gaming was thriving and having an advantageous position in the market, especially in reaching new young audiences,” explains María Carmen Fernández, MEDIAPRO’s Director of Innovation and New Business.

“If we wanted to be well-placed in both the content creation and distribution businesses, we had to be in the gaming industry. And while we were exploring that, we discovered esports.”

She continues: “We realised that esports has a lot of similarities and touch points with our business because it is about managing rights, about creating content and distributing content. And it addresses the demands of today’s young and future audiences.”

While many linear-TV operations are taking tentative steps into esports, MEDIAPRO has gone in head-first, committed. It acquired a Spanish-

language esports company called Liga de Videojuegos Profesional, now known as LVP, completed in 2019 and turned it into a leading international esports-tournaments and content producer/distributor and the biggest Spanish-speaking esports organisation.



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LVP operates in more than 30 countries. In 2020 alone, LVP produced 660-plus live esports shows watched by 56 million-plus accumulated viewers online, a 43% leap compared to 2019. LVP produces its own esports tournaments based on hit video-game titles like League of Legends, Counter-Strike, EA’s FIFA franchise, VALORANT and Free Fire. LVP also produces and distributes the Spanish-language editions of

the top-tier European and global tournaments, like the League of Legends World Championships.

In Latin America, it organises and produces Mexico’s Division of Honor Telcel tournament, the Argentina-based Liga Master as well as Unity League, and Golden League in Colombia, among others.

In 2018, Mediapro also launched UBEAT, an eSports and entertainment multiplatform (double linear-TV channel -Spain and Latin America- and an OTT platform worldwide available). On UBEAT, users can find more than 30 entertainment formats for new audiences (freestyle, gaming, talk shows) and the best esports competitions (all LVP’s League of Legends competitions). Currently UBEAT TV channel is available on the main pay TV operators in Spain (Movistar, Orange, etc.) and Latin America (Sky and Totalplay). In the first six months of 2021, the monthly average of [ubeat.tv](https://www.ubeat.tv) unique viewers has grown 250% compared to the previous year.



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Besides UBEAT, the TV networks airing LVP events are Movistar LaLiga in Spain (eLaLiga), Univision Communications' Mexican network TUDN (eLigaMX), and on-demand service Flow in Argentina (Liga Master).



©LVP

MEDIAPRO also makes effective use of its connections in traditional sports. In Portugal, LVP organises the eLiga

competition, which is based on the FIFA game and features players affiliated to the soccer teams in the Primeira Liga, the Portuguese first division. The competition is aired on streaming-games service Twitch and Portuguese pay-TV network Sport TV.



©LVP

In terms of related entertainment TV shows, an example is NOOBees. An innovative sitcom featuring footage of real-life esports competitions, it is co-produced by The Mediapro Studio with the international arm of US media giant ViacomCBS for the kids network Nickelodeon in several Latin American markets.

Additionally, LVP operates ArenaGG, a platform where esports enthusiasts can



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practice in a bid to become professionals. And LVP's global ambition is far from over, with existing and potential deals in Belgium, Turkey, Arabic-speaking markets, Russia, China, the UK and more.

For Fernández, esports forms the foundation for producing and distributing all types of digital-first shows aimed at Gen Z audiences and young Millennials. "At the end of the day, esports is about entertainment and creating content that will appeal to the new generation of audiences. Once we win over that audience, we can provide them with other content that interests them. Most of our audiences consume a lot of OTT entertainment content, so we know they are interested in series, films sports and esports, and we can provide all of them."

An essential advice she offers TV companies stepping into the competitive-gaming domain is to understand how each game publisher manages and controls its intellectual property, as that determines what you can or cannot do with it in esports and with the related content creation and distribution.

She recommends collaborating with esports companies with a similar outlook in content production and distribution. “Combining your expertise

in original traditional content with how they engage with the new generation of young audiences is a guarantee of success.”

Once they understand how the global esports market functions, TV ventures should localise the content by addressing each markets different youth cultures.

Moreover, she adds, you might require a team in-house that is constantly on top of the ever-changing developments in digital-first media and entertainment.

As she says of MEDIAPRO: “We have teams continuously prospecting the market in terms of the emerging consumption habits, the key IP licences, how to approach different markets, the differences in emerging regional trends and local referents and content creators.”

So, what does she say to people who ask whether esports is sports? “I say that it is about entertainment.”

7 • CASE STUDY – SUCCESS STORY OF TELSTRA



Q&A with
Ricardo Rodrigues,
Head of Americas Business
Development at Telstra Broadcast
Services (TBS)



Telstra is an Australian-headquartered telecommunications and technology conglomerate operating in over 20 countries. Telstra Broadcast Services (TBS) is a wholly owned subsidiary of Telstra, which focuses on media, sports, and entertainment.

What are your interests/investments in the TV space?

Rodrigues: TBS provides a broad portfolio of services to broadcasters all over the world, from video delivery, via our global fibre, satellite and Internet networks, to content monitoring, management, bookings, and billings. TBS manages the Telstra Global Media Network, a global fibre network supported by Telstra's global infrastructure that is purpose-built for video transport of high-value, high-quality live broadcasts.

What are your interests/investments in the esports space?

Rodrigues: TBS provides Internet, broadcast, and international connectivity services to game publishers, esports tournament organisers, broadcasters and streaming platforms.

We also have an investment arm, Telstra Ventures, which began looking at esports in 2017. Telstra Venture's audience research identified that viewers of traditional sports, such as basketball, American football and baseball, were an ageing demographic. But millennials were spending more time consuming interactive gaming and esports content. With esports representing the future, Telstra Ventures has invested in multiple companies in the space. One of those is Skillz, a mobile-esports gaming company that went public last year. Telstra Ventures also invested in Mobile Premier League, a mobile-esports platform for India and Indonesia, earlier this year.

Another company we invested in is TSM (Team Solo Mid), one of the largest esports teams in the world. It has a huge following and does an excellent job of monetising esports. It recently announced sponsorship deals paying them US\$210m over 10 years.

Why and how did Telstra enter the esports industry?

Rodrigues: As esports competitions became increasingly sophisticated and more global, world-class broadcasts, video quality, low-latency and connectivity have become critical for successful events.

We have partnered with leading publishers, tournament organisers and broadcasters on major gaming and esports events happening across the globe to support their content transmission.

Does being a telco company give you insights into esports broadcast that a traditional linear-TV broadcaster might miss?

Rodrigues: Esports led the adoption of cloud-based productions and delivery through the public Internet. This helped the sector gain a serious competitive advantage last year, when the Covid-19 crisis developed.

Many traditional sports productions were cancelled, but esports events pivoted to virtual productions. Witnessing this first-hand helped us to not only shape our strategy to enhance these types of broadcast solutions, but also enabled us to advise traditional sports and media customers on alternative technologies and solutions.



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Additionally, esports broadcasts have high digital and online engagement from fans in venues and online. We're going to see linear broadcasters adopt interactive technologies, which are more in-step with younger audiences.

Is there anything esports can learn from the long-established business of TV content distribution?

Rodrigues: The esports community is now providing great quality esports content which is more aligned to a traditional sports or entertainment business. Shoulder programming around events, short content for digital and social media, profiles on players and teams, the rise of influencers and streamers as content creators, partnerships with music companies and long-form documentaries are all being embraced.

The one area where esports is still lagging in comparison with the traditional TV content distribution space is in monetization. Media rights and ad-based revenue in esports is a very small fraction compared to traditional sports. I believe that this gap will decrease over the years, but for now it is still quite considerable.

Will the emergence of ultra-high speed 5G connectivity make a difference to how viewers will watch TV in the future and could esports lead the way there?

Rodrigues: Absolutely. 5G will enable a quicker time to turn up new broadcast-ready architecture for new venues. It's also going to remove the requirement for broadcast trucks on-site, since feeds can be more straightforwardly connected to a studio through carrier infrastructure.

Also, 5G can capture remarkable Internet speeds of more than 20 times that of 4G. It also drives much lower latency of around 20 milliseconds. This speed and low latency enable 5G to power HD and 4K image quality mobile games – with massively reduced lag. 5G connectivity is going to be huge boost for esports development.

This report is brought to you by MIPCOM

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nings and conferences, into lasting business.

MIPCOM 2021 edition will take place from October 11-14 in Cannes alongside Esports BAR (October 13-15) The World’s Esports Business Arena.

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About Esports BAR

At Esports BAR, we are committed to transforming the sport of the digital generation into the future of entertainment by providing industry leaders with the most productive and meaningful events where esports tastemakers and non-endemic top-management executives meet to shape esports’ future.

The 2021 edition of Esports BAR Cannes is now programmed from October 13-15, alongside MIPCOM (October 11-14), the world’s leading entertainment content market.

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