

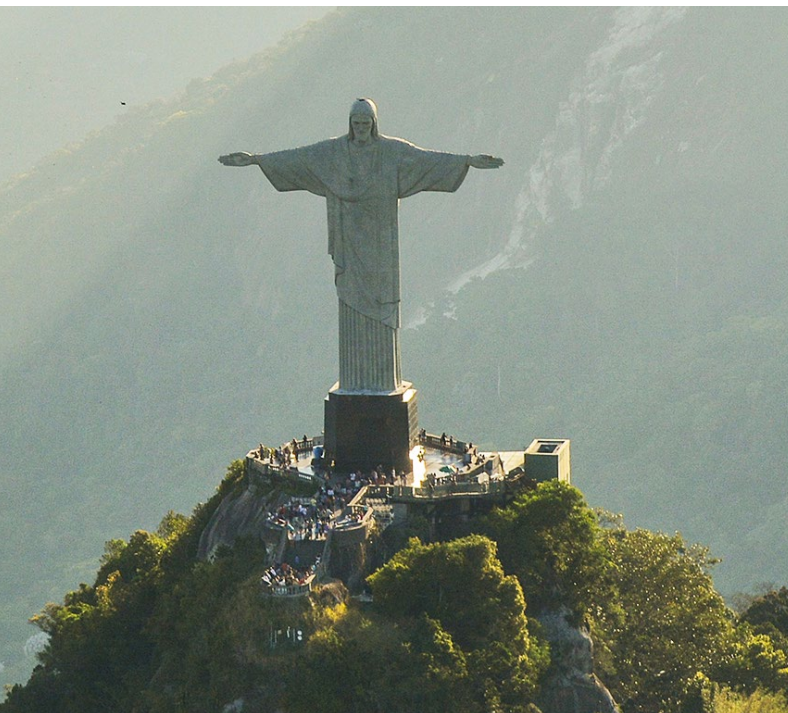


ESports and Fan Engagement: **Brazil** vs **England**

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01

Introduction

The triple revolution (fast internet, smartphones and social media) is creating a new wave of hyperdigitalised sports fans.

Electronic Sports or esports is one of the fastest growing digital innovations to take the world by storm and to be embraced by a new generation of fans. Esports is the growing field of competitive video gaming for amateurs and increasingly for professional players. According to the UK esports society, it is classed as a mind game rather than a sport but this is an evolving and ongoing discussion around the world. Consequently, the definitions proposed by researchers has varied greatly over time, but most have reached the consensus that esports involves some form of competitive video gaming.

In this white paper, we evaluate esports and the way in which sports clubs in Brazil and England are using it to engage audiences.

There are large numbers of esports fans in both countries and both have sports teams which have started to embrace esports and fan engagement. England is credited with the invention of football as the world's most popular sport and Brazil is the most successful national team with fanatical esports and football fans. Football and video games are one of the links between these two great nations from different continents and crossing oceans and language barriers through play and the love of the game (PWC, 2018). We look at some examples from each country, consider the differences and then provide some of the challenges and opportunities for esports and their adoption by brands.



02

The rise of competitive video gaming

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Esports is a discipline that was officially given a definition around the year 2006 and towards which the global attention was drawn due to its abrupt increase in popularity and huge cash prize pools. Playing video games competitively has been around since the first games were released. While some researchers consider virtual sports to be a novelty, others claim for it to be a phenomenon that has commenced already in 1970s with the first known video game competition, “Spacewar Olympics”, held by Stanford University (Taylor, 2012).

There are at least three different periods that led to the shaping of esports as we know today: first, the emergence of arcade games, coin-operated entertainment machines installed in public businesses, such as restaurants and amusement parks, contributed greatly to the popularity of competitive computer gaming.

Second, during the 1980s gaming would be concentrated around the arcades and home consoles such as Atari and Nintendo. In 1980, Atari held a **Space Invaders** competition which was entered by over 10,000 people. The emergence of the personal computer (PC) was the driving force that really led to the expansion of esports on a greater scale (Taylor, 2012).

How Big is esports?

The growth of esports has been nothing short of spectacular with tournaments featuring very significant prize money and esports set to be worth \$1.5 billion by 2020 (Dunn, 2018). This figure does not include esports related betting, which is also very substantial given the huge audiences tournaments attract both physically, recorded and live streamed through services such as YouTube and Twitch.TV.

Esports' total audience has reached around 380 million spectators in 2018, being projected to grow around 14% per year from 2016 to 2020 (Pannekeet, 2018). In 2017, the Intel Extreme Masters World Championship in Poland has set a record for live attendance, attracting 173,000 spectators, outnumbering the attendances of many of the live matches of major sports worldwide (Hattenstone, 2017).

Prize pools continue to rise, with the **International 2018 esports tournament** offering a prize pool of \$25 million (ESPN Stats & Info, 2018). Other competitions such as for the battle arena game **Dota 2 have a £6.7 million prize pool**. This compares to the FIFA soccer series **at £193,000 prize money**, but this is also growing.

“It’s not hard to see the appeal. Money and viewers have been steadily flowing into the esports space, turning it from a fringe hobby into a remarkably lucrative phenomenon. According to market analyst group Newzoo, the global market for e-sports is expected to top \$922 million in 2018, with an estimated 221 million fans across the world” - **Andrew Webster (2018)**

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“If you follow the daily routines of professional players, you will see that they engage in physical conditioning, psychological training, a diet designed for a certain goal, so it is quite similar to the regime of a real-life athlete.” – Thiago Diniz, 2008 world champion of Battle for Middle Earth (Keen Gamer, 2018)

Over time, esports has been attracting greater and greater audiences, both live and online. In fact, Newzoo predicts that the League of Legends World finals will attract more viewers than the most popular annual rugby tournament in the world (125 million viewers of the Six Nations) (Cullen, 2018). It’s easy to see, then, why traditional sports clubs are taking notice.

Aside from console gaming, Virtual Reality (VR) esports is also increasingly popular. This requires a VR headset and the players to physically move around. The spectrum of esports has therefore evolved over time to include physical activity. Esports involves play and competition, bridging casual leisure and competitive challenge.



03

eSports and sports fans

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“In an era of declining TV viewing figures and newspaper sales, digital media have not only become the main sources of information and community for a new millennial generation, they form the basis of most, if not all, social interactions and connectivity in football.” (Muriel & Crawford, 2018)

You may be wondering what the connection is between sports clubs and fan engagement given we have highlighted that esports is often classed as a mind game rather than a sport. Sports clubs and players are using popular new technologies to reach a global audience including a fanbase of young, hyperdigitalized fans.

Because esports has grown to impact on the lives of so many young people through playing, competing and watching tournaments, it has come to the attention of sports clubs as a way to build their brands. The FIFA Soccer series and Pro Evolution Soccer has so far been an important way for some football club brands to engage with the esports world.



Top ten sports by growth -

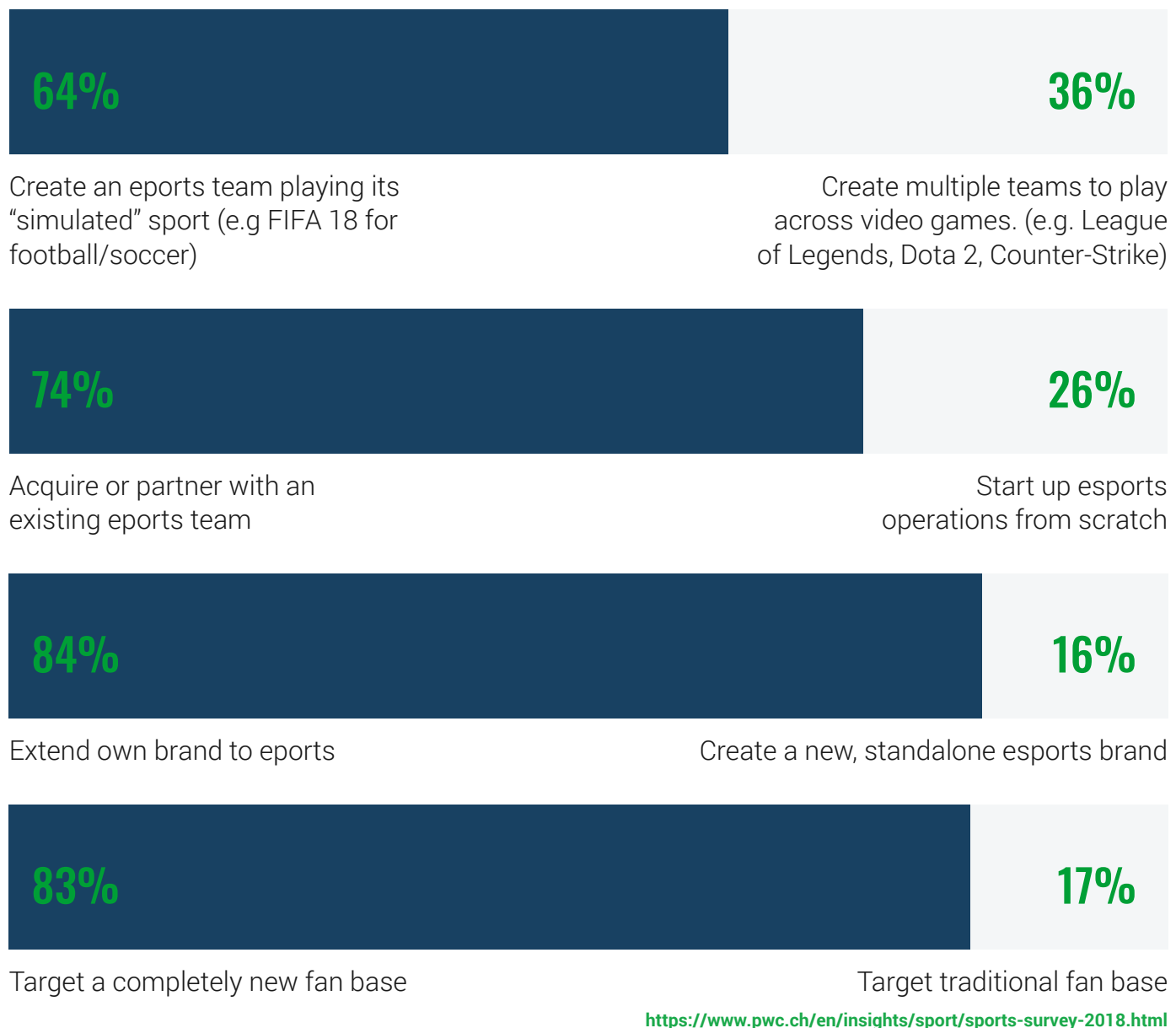
Potential to grow revenues globally

1	Esports		6	Rugby	
2	Football/Soccer		7	American Football	
3	Basketball		8	Cycling	
4	Mass Participation Sports		9	Tennis	
5	Boxing/Martial Arts		10	Cricket	

<https://www.pwc.ch/en/insights/sport/sports-survey-2018.html>

Time to enter esports? -

70.5% believe so, but how should they go about it? By percentage of respondents.



Top ten sports by growth and time to enter esports? (PWC, 2018)

In PwC's 2018 sports survey, they collected the views of 470 leaders in sport from around the world. The results shown above demonstrate that esports (as whole, not specific franchises) topped the list as the one which had the most potential to grow global revenues. 70.5% of the people surveyed suggested that it was time to enter esports in order to aid brand awareness and target a new fanbase. We now look at esports and some particular examples from Brazil and England.



04

ESports in Brazil

According to a 2018 Newzoo report, Brazil takes third place worldwide (after US and China) in the amount of esports supporters (Newzoo, 2018).

Esports has grown so fast in the country that there are dedicated esports TV shows and live broadcasts in all Pay TV sports channels, which feature and comment the most relevant events and championships. Globo, the biggest media conglomerate in the country, has a gaming dedicated show on its free-to-air channel. Also, sports clubs are starting to use esports as a way to engage with both new and existing audiences.

In the country best known for its football tradition, at least four of the most successful and popular football teams are actively involved with the digital world. Others have made one-off interactions or are openly negotiating to support esports teams of athletes. Examples include Corinthians and Flamengo, the two most popular football clubs in Brazil, with more than 32 and 27 million fans respectively spread all around the country.

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Esports has become so mainstream in Brazil, that it has been mentioned in Flamengo's presidential election, as a strategy to internationalize its brand.

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"When we talk about internationalization of the brand, the sport (referring to esports as a discipline) is one of the ways we have to spread the Flamengo brand. Placing your club among those who are involved with the sport helps to spread the brand", says Rodolfo Landim, one of the favourites to win the 2018 presidential elections.

Some of these clubs are sponsoring existing teams, some are managing their own team. Santos, for example, after three years of partnering with Dexterity Team, decided to launch their own Santos esports team in July, 2018. At the same time that clubs are using esports to engage new fans for their bases, the esports teams expect to engage the current fans into the new discipline. The executive behind Santos initiative expects that the fans will embrace this project supporting the athletes (Mendes, 2018).

Video game culture blends into the street art of Brazil



But what could explain why Brazilian teams are so open about experiencing interaction in the esports arena? There are two possible reasons and both are related to the teams' histories. Firstly, even though football is by far the most popular sport in the country, that wasn't always the case. Some of the most popular teams were founded with the focus on other sports, for instance Flamengo, Vasco and Botafogo were originally rowing clubs, as rowing constituted a very popular sport in the late 1890's, when these teams were founded.

Another notable characteristic of Brazilian teams that may differ from English teams is their multisport nature. All of the country's main football clubs are involved with a broad range of sports. It is not uncommon to see the rivalry between Corinthians and Palmeiras, two of the biggest clubs in São Paulo, being played out in other disciplines sports, such as futsal, volleyball, basketball and others.

Overview of Brazillian football teams relation with esports

Number of fans by each Brazilian Football Team Million of fans		Team Origin	Multisport v Single Sport	Relationship with esports
Flamengo	32.5	• Rowing	• Multisport	✓
Corinthians	27.3	• Football	• Multisport	✓
São Paulo	13.6	• Football	• Multisport	• • • •
Palmeiras	10.6	• Rowing	• Multisport	• • • •
Vasco	7.2	• Rowing	• Multisport	• • • •
Atlético Mineiro	7.0	• Football	• Multisport	✗
Cruzeiro	6.2	• Football	• Multisport	✗
Grêmio	6.0	• Football	• Multisport	• • • •
Internacional	5.6	• Football	• Multisport	✗
Santos	4.8	• Football	• Multisport	✓
Fluminense	3.6	• Football	• Multisport	✗
Bahia	3.4	• Football	• Multisport	✗
Botafogo	3.4	• Rowing & Football	• Multisport	✗
Vitória	2.6	• Football	• Multisport	✓
Sport	2.4	• Football	• Multisport	✗

Key ✓ Official eSports team or sponsorship • • • • One off experience or in negotiations ✗ No relationship with sports

Whilst the English and other European football clubs are entering esports through the FIFA Soccer route, other clubs are taking a more holistic view of esports. Flamengo in Brazil for example has taken a unique step in embracing esports through working with partner Go4It to create a League of Legends team.

Additionally, traditional companies have also started to get involved with esports. Being a very recent trend in the Brazilian sponsorship market, there are at least five main groups of companies exploring the association with the discipline: first, e-commerce brands, such as KaBuM!, Submarino and Netshoes, technology related companies, such as Vivo, Oi (telecom operators), Samsung and Dell, non-alcoholic beverages, such as Fanta, Red Bull and Monster, and finally, brands without clear association that want to focus on the strong connection esports seems to have with the young audience, such as Old Spice, Trident (bubble gum) and Lacta (chocolate).



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Esports in the UK

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“Esports is the second largest growing entertainment sector in the UK, growing at 20.6% each year” (UKIE, 2018). It is predicted to reach 48 million pounds revenue by 2022.

In the UK, video games are also incredibly popular. Newzoo (2018 B) rated the UK as number 6 in the world games market with 33.7 million players, which equates to almost half of the population (49% of all men and 48% of all women). 31% of these watch video game content and 64% of these can be classed as esports viewers.

Just as in Brazil, football clubs are the most popular and richest brands in the UK and the English Premier League (EPL) being a big business and global export.

Football clubs in the UK are therefore some of the first to experiment with esports in order to attract and engage a much coveted fanbase of young people.

Manchester City are leading the way in the UK by experimenting and embracing this technology by signing two professional esports professional players to represent them in FIFA video game tournaments. They recently ran an esports FIFA tournament with Brazil coming out as eventual winners (Ryan, 2018).

West Ham also employ a professional player. La Liga and MLS have their own esports leagues so several commentators speculated that the EPL were missing a trick by biding their time with esports and risking missing out on a vital audience of young people and

new fans (Smith, 2018). Soon after this article however, a partnership with Electronic Arts was struck with the EPL to run a FIFA Soccer esports league in 2019 open to players across the UK and broadcast on social media and Sky Sports TV channel.

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“In sports video games the connection to the real world is an important thing. It’s a big motivator for why people play and for eSport why they watch, so by partnering with the premier league we allow competitive gaming in esports to be elevated.”
- Todd Sitrin, EA Competitive Gaming” (BBC, 2018)



With each release of football video games, the graphics and gameplay become ever closer to the real thing and the connection to the real world increases. Choosing to play as Liverpool in the new FIFA game for example, aside from almost photo realistic

players, you will hear the crowd singing their famous song “You’ll never walk alone” and see Champions League graphics just like on TV. The boundaries between gaming and real life sports continue to blur.



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The future of esports and fan engagement

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As esports grows in popularity, this will attract more clubs, sponsors and players to participate. Games such as League of Legends has already reached a stellar level of this and other games must follow in this path, creating their own global leagues. Sports clubs and brands are just starting to see the value of games and as the young esports players and spectators of today become the executives of tomorrow, greater understanding and linkage will occur. We are already starting to see some positive results with sports clubs adopting esports in order to engage a new generation of hyperdigitalized fans. There are some challenges to overcome in order to adopt esports in the right way. A major consideration is the franchise(s) that the club will be involved with. Like in sports, there are a plethora of options and to pick the right ones is key. Secondly, the appointment of partners with the correct expertise.

Capturing and analysing the appropriate data on any esports venture should be done carefully. Working with research organisations such as Universities could also help sports clubs to appropriately adopt and analyse the success of esports ventures may also be a potential option. Universities also contain a large number of young video games players and esports fans and societies.

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The traditional views, prejudices and misunderstandings about gaming and esports will therefore be less of a barrier than it is today.

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There are a number of other issues to address with the continued growth of esports, including mental health problems of professional players including anxiety, panic attacks and depression. In esports, players can literally go from being a teenager playing video games for fun with friends, to be thrust into the scrutiny of the public eye and social media with a great deal of pressure on them. Mental health in millennials is already a growing issue. Putting young people into these high pressure positions where they are spending much of their time repeatedly practising video games – this leaves little time for a healthy lifestyle and spending less time with friends and family.

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This is another dilemma to address for the future of esports.

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Graphics, sound, gameplay and tactics within video games will continue to improve, further blurring the boundaries between the game and reality. It is notable that the number of esports fans is tiny in comparison to the number of football fans and video games fans in England and Brazil.



“Esports already is a significant part of video game culture, and has the potential to reach a much wider audience and may challenge the hegemony of sports such as football as the worlds favourite game” – Muriel & Crawford (2018)



07

Conclusion

It is notable that the most popular football brands in England are some of the first to experiment with esports. To date, it has been primarily the FIFA soccer games which have tended to be the main focus. This stands in contrast to Brazil with their football clubs having multi-sport roots and therefore they are embracing the more popular esports games such as League of Legends. Esports demonstrates an impressive growth in popularity around the globe as a smaller subset of the massive video games industry.

It is notable in Brazil that there are dedicated gaming and esports TV shows in all sports channels which are more accessible than in England. We have seen that esports presents a major opportunity for sports clubs to attract and engage a new generation of fans. The appointment of appropriate expertise in this field and careful analysis of the results are fundamental. Our ongoing work in this area aims to create new insights into this growing phenomenon of esports and fan engagement on a global scale.

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