



## Gaming as a TV sport

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**In Korea, gaming is a popular TV sport with dedicated channels, teams, leagues, superstar players, adoring female fans and multimedia branding opportunities that multinationals have so far largely ignored.**

In Korea, Ongamenet, the first cable TV channel devoted solely to online gaming, this year celebrated the tenth anniversary of its Star League, a testament to the longevity and popularity of a TV gaming phenomenon that is now commonly referred to as 'e-sports'.

The popularity of the single game platform, *Starcraft*, has swept the nation, first forming private gaming leagues in 'PC rooms' and now being delivered via cable, mobile TV and IPTV to an audience of mainly young consumers.

The term 'e-sports', or electronics sports, came to define a recreational and highly profitable activity indulged in by Korean youth when, in 2002, the Korean Pro Gamer Association renamed itself as the Korean E-Sports Association (KeSPA). It now oversees, just for the *Starcraft* platform, two official individual e-sports leagues (Star League and MBC Game Star League), three team leagues and two dedicated e-sports stadia.

Other new leagues have appeared in smaller formats for games such as *Sudden Attack* and *Special Force*. But the Star League enjoys the lion's share of revenue: sponsorship, product placement, e-stadium displays and OOH marketing, promotional events, promotional advertising by 'e-athletes' and, of course, general programming content.

E-sports is continuing to grow in the key target consumer set of males aged 13 to 29, which comprise about 90% of the viewer-ship of both MBC Game and Ongamenet. The market for e-sports has grown at an annual rate of nearly 30% for the past five years, with the current market size estimated to be nearly \$ 1.2bn. If you factor in the halo effect on the IT and PC markets and the key industries being promoted by the game leagues, the total economic effect is close to \$4.7bn. In 2004, the total market size was only about \$250m, so this is clearly a rapidly growing industry.

The average ratings of e-sports on cable TV exceed baseball, football and basketball. It has 2.3 times the ratings on average of the most popular athletic sport in Korea, baseball, and many more times that of other sports.

Sponsors are finding that e-sports can provide cost-efficient returns in enhancing their brands' standing with this key male consumer base. Local brewer Hite Beer (with more than 40% market share) sponsors a Star League team and gets full

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promotional rights on its uniforms and other communications for a year for less than half a million dollars. The current Hite sponsored team has added the brand name to its original name, 'Spa Kids', so it is now 'Hite Spa Kids'.

This 'team naming' in conjunction with the commercial brand is common. Of the 12 major teams in the *Starcraft* Leagues, 11 have the names of sponsoring brands in the team names (including major brands such as Samsung, CJ, Korea Telecom and SK Telecom). One team is sponsored by the Korean Air Force and is called 'Air Force Ace'. However, non-local multinationals are invisible as sponsors, showing a lack of understanding of how potent a marketing tool e-sports team backing can be, and how much more cost-effective it is than other sports sponsorship opportunities.

## LEAGUE SPONSORSHIP

Sponsors can also back the league itself and sponsorship of the Ongamenet Star League has been dominated by local companies, ranging from 'young brands', such as telecoms and electronics, to more mainstream brands, such as Shinhan Bank and Korean Air.

The other main individual league is sponsored by MBC, a local media giant, which supports its own branded team, MBC Heroes. The last multinational to sponsor the Star League was Gillette in 2004, and before, that Coca-Cola in 2001.

These sponsorships often cover more than just naming rights on team uniforms or league signage; they can entail everything from PR appearances, production promotions involving team members, outdoor advertising around the e-stadia and 'brand plugs' within the 24-hour TV game channels. The scope of the sponsorship reach is far greater than competing single-event sponsorships, such as fashion shows or music concerts.

Another opportunity is product placement, or, in this case, e-product placement. This strategic tool has been available since 2006. This is where brand icons or some other design format appears during the course of an online game and 'finding and retrieving' these icons gives the player 'happy money' points to use toward buying those products. Coca-Cola, Olympus and Korea Yakult are major brands that have employed the e-product placement tool with immediate sales returns. 'Happy money' and similar discount programmes can be easily tracked when they are redeemed at nearby stores. Given that a game platform like *Starcraft* has sold over 11 million copies locally, imagine the reach of an e-product placement when the brand icon appears on the desktop of all these gamers.

Thanks to the live broadcasts, the top individual gamers have become celebrities in their own right, and have appeared in advertising for the sponsors and other young male-targeted brands. The average professional sports athlete in Korea does not earn the huge sums enjoyed by professional footballers in Europe, or baseball and basketball players in the US. By contrast, top gamers can earn large sums, making up to \$200,000 a year not including endorsements and promotions. One of the top gamers in Korea, Im Yo-Han, has appeared in TV advertising campaigns for six brands, a movie, a TV drama, five variety programmes, two music award shows and three radio programmes, and is known as the 'Terran Emperor' (Terrans being one of the races that a gamer can select on the *Starcraft* platform).

All the top game professionals are male. And, like boybands in the West, girls are attracted to these male gaming celebrities and avidly follow them wherever they are playing. So, even though the pure game-watchers might be predominantly male, there are always large numbers of girls that show up to the e-stadia to watch the boy gamers in action. This shows the potential to grow the commercial opportunities and appeal to young women with advertising and sponsorship association for cosmetics and toiletries brands. Furthermore, as more and more women become interested in gaming and e-sports, female

professional gamers are slowly starting to join the fray, and there are plans for a 'Women's Star League'.

The longevity of the gaming leagues is directly related to the longevity of the game TV channels. Both Ongamenet and MBC Game are expanding their programming content beyond gaming to appeal to a wider youth base. Though the programmes still revolve around the theme of online gaming, there are comedy, music and variety variations to this theme.



An example is the comedy-variety programme, Real Cotto Brothers, on MBC Game, where the game result determines a specially planned 'penalty mission' that the participants must then carry out. A musicvariety mix, Cham Story, is hosted by a pretty celebrity (Min-Ah), who examines top progamer profiles and plays music videos selected by viewers. A mainstream TV drama based on a pro-gamer's life cannot be too far away

## MULTINATIONAL OPPORTUNITY

When only four multinational brands have actively sponsored the Star League – Coca-Cola, Panasonic, Olympus and Gillette – it seems there is an unexploited opportunity for multinational brands to break into this relatively untapped industry, with the potential to reach tens of millions of consumers for a reasonable price tag.

Less obvious brands have successfully attached themselves to e-games. Even a relatively 'stuffy' brand, such as Shinhan Bank, enjoyed high visibility in this area for two years and signed up a lot of new account holders.

Looking to the future of gaming in Korea, there is a big question over how online professional gaming leagues will adapt to a fast-changing technological framework that will see the introduction of three-dimensional gaming and sensor-based consoles, such as Wii and Kinect.

But the leagues have shown over the past 10 years that they can survive and prosper in the information age. Korea's e-sports sector is likely to adapt to more powerful and dynamic game platforms, continue to connect Korean youth with novel forms of entertainment, churn out new celebrities and provide more opportunities for brands to connect with TV gaming.

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