



Growth in the Video Gaming Ecosystem: the new role of games as media

The rise of watching in the evolving consumer gaming ecosystem

In partnership with

Google

REVEALING REALITY



OC&C
Strategy consultants

uncommon sense

Glossary

Definitions

AAA (TRIPLE-A) GAMES

Video games with large development and marketing budgets, typically produced and distributed by larger publishers.

CLOUD GAMING PLATFORMS

Services where games are stored and run on remote servers which **gamers** can then access and play on any device through a network connection.

E-SPORTS

Gaming competitions and events involving **professional players and teams**.

FTP

'**Free-to-play**' games, with no upfront purchase cost for the player. Typically monetised through advertising or in-game purchases.

GAMERS/PLAYERS

Individuals that play video games.

VIDEO GAMING CONTENT

Online video content primarily focused on footage of gameplay from video games. Can be broadcast live on **streaming platforms** or uploaded to **video-sharing platforms**. They may be accompanied by commentary from the player. Video gaming content can be produced for reviews, to teach others how to play or simply for entertainment.

VIDEO GAME STREAMS/LIVE STREAMS

Gaming videos which are simultaneously recorded and broadcast in real-time on **streaming platforms** - includes **e-Sports** and individual gaming content.

MMO/MMORPG

"**Massively Multiplayer Online**" games, or "**Massively Multiplayer Online Role-Playing Games**".

STREAMERS/CREATORS

Individuals producing **Video Game Streams and on-demand content**, often playing and featuring in the videos themselves.

STREAMING

The act of broadcasting video game gameplay online through a **streaming platform**.

STREAMING PLATFORMS

Online platforms such as Twitch, YouTube Gaming and Mixer which allow users to broadcast or watch live **Video Game Streams**.

VIDEO-SHARING PLATFORMS

Online platforms such as YouTube which allow users to upload pre-recorded videos which are available on-demand to **watchers**.

WATCHERS

Individuals who watch **gaming videos**, whether live streams or pre-recorded videos.





While traditional gaming enthusiasts were principally focused on playing games, many of the most engaged gamer segments today spend substantial time watching video gaming content.

The increasing importance of watching video games has implications for game distribution and design, as game streaming platforms such as YouTube Gaming and Twitch begin to play a significant role in how gamers discover and enjoy titles. Both live streaming and video-on-demand play an important role here.

Watchers also represent a significant and rapidly growing opportunity for game publishers, developers and brands to access consumers as traditional media consumption continues to decline, and the gaming audience continues to expand from a stereotypically young, male base into females and older demographics.

Watching is also an important marketing channel for games, as over 50% of watchers say that they would be more likely to subsequently purchase games that they have watched.

Understanding watcher motivations and the implications this has for marketers and game design is critical to accessing this opportunity - but until now, little work has been done to understand the audiences, behaviours and motivations in this segment.

This report has been produced by OC&C Strategy Consultants in partnership with Google, supported by additional research from Revealing Reality.

“Very little is understood about the watcher ecosystem today”

Founder, Quantic Foundry

“The single largest shift in the last decade is the relevance of streaming and its effect”

Former Senior Marketing Manager,
Major Publisher

Attendees watch gaming competition DreamHack Leipzig, Digital Festival 2020

The exponential rise of video gaming content

Most recently, streaming platforms have done for video gaming watchers what broadband internet did for video game players. Streaming platforms such as YouTube Gaming, Twitch and Mixer have allowed video gaming watching to take place live and alongside others, regardless of the watcher's physical location.

Live video game streaming offers viewers a different experience to watching on-demand videos, characterised by shared viewing and interaction with the streamer. Streaming platforms have transformed video game watching from a passive, solitary experience to an active and social one, as watchers and streamers communicate with one another and between themselves.

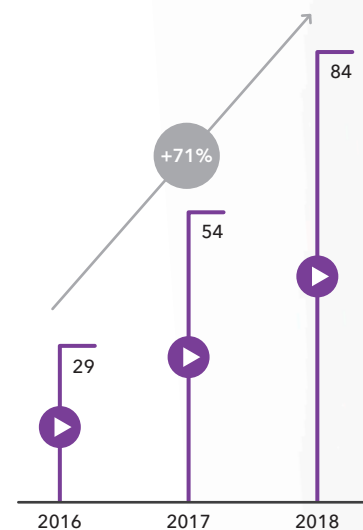
This new form of engaging with video content has quickly found an audience, evidenced by the rapid and accelerating growth of the amount of gaming content, and of the platforms which host it.

The emergence of live video gaming content led Amazon to acquire Twitch for close to \$1.6bn in 2014, and Microsoft followed suit with Beam (later renamed Mixer) in 2016.

While the live segment is much better reported, the video-on-demand segment is equally important in terms of both content and audiences. In the past year, people watched more than 50bn hours of gaming videos on YouTube, with more than 200m people viewing gaming content each day.

The growth in penetration and time spent consuming video gaming content is especially important in the context of falling TV viewership, which is most pronounced in younger age demographics – suggesting that for these consumers one medium is substituting the other, which would suggest that advertising dollars should follow in time.

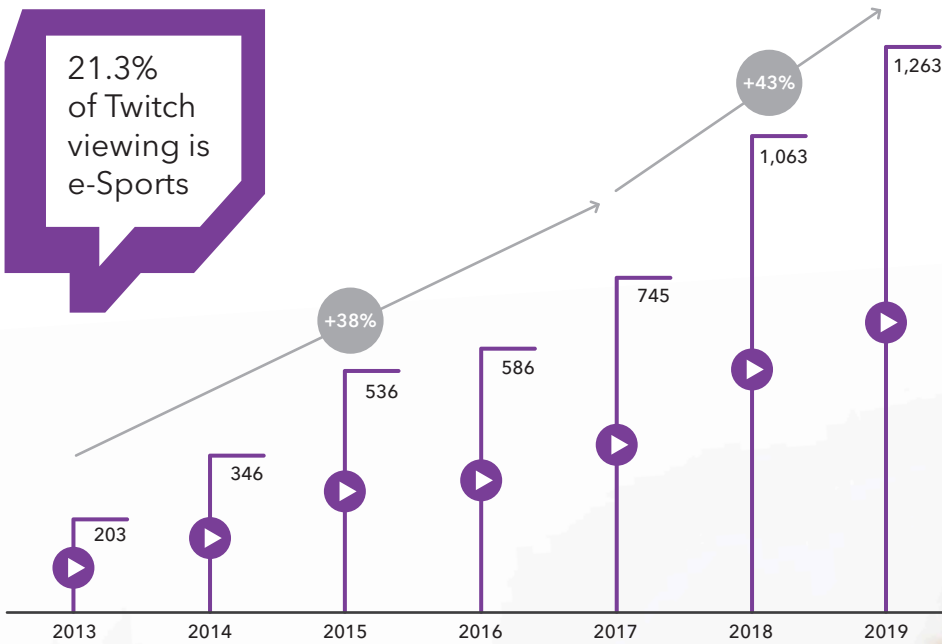
YOUTUBE GAMING LIVESTREAMS, YEARLY WATCHTIME
(Millions of hours)



Source: YouTube Data [Global]

AVERAGE CONCURRENT VIEWS ON TWITCH

First 11 months of 2013-2019 (000's)



Source: Twitchtracker [Global]

Every day, more than **200m people** watch gaming content on YouTube

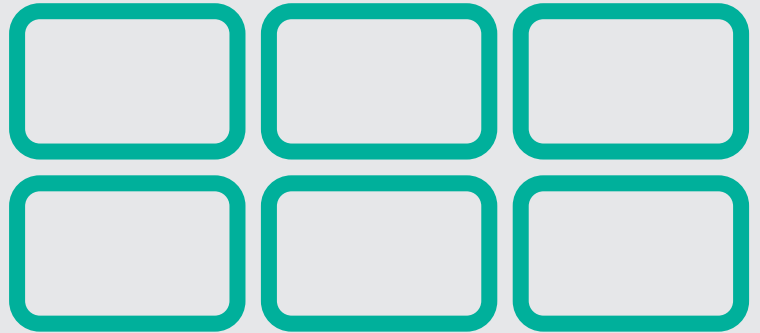
This report is a deep-dive into the resulting consumer gaming ecosystem, and sets out to explore **four aspects** of video game watchers:



1

Who watches video gaming content?

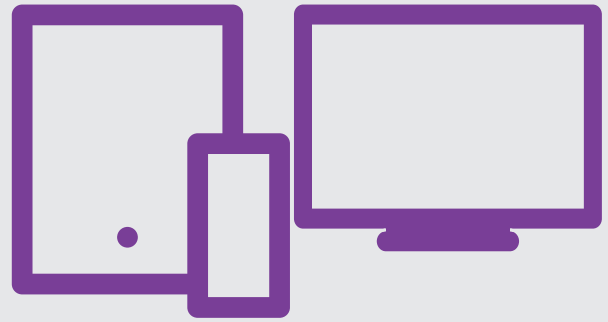
- Watching gaming content is no longer a minority activity, with reach and frequency starting to rival other mainstream forms of online content (and growing fast)
- Audiences skew young and male, with this skew more pronounced for individual live streams than for VOD content and e-Sports, but female and 25+ audiences are growing
- The majority of watchers are also active gamers



2

What are they watching?

- Twitch and YouTube are the leading platforms for video gaming content
- Watching splits fairly evenly across e-Sports, live streams and VOD content
- While watching is heavily concentrated amongst a handful of games, the streamer ecosystem is much more fragmented



3

Why do they watch it?

- The different content types serve a variety of watcher motivations - VOD content is focused on skill and improving gameplay, e-Sports is all about the skill of professional players, while individual live streams play much more heavily to entertainment and social needs

4

How do they watch it?

- Active, passive and simultaneous watching are all fairly common amongst watching audiences
- In many instances, video gaming content substitutes traditional media such as TV and radio as background 'filler'

Implications of each of these pillars for games publishers and advertisers are explored at the end of the report.

1

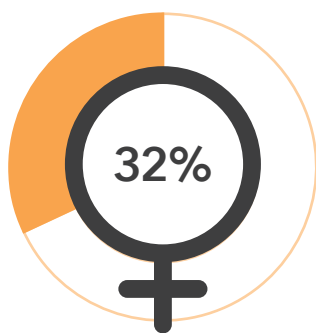
Who watches video gaming content?



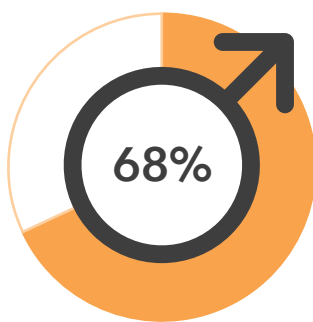
Watching video gaming content is becoming an increasingly mainstream activity, with estimates suggesting that 10%-15% of the UK population watch it regularly, with nearly 50% of 18-25 year-olds doing so.

VIDEO GAMING CONTENT WATCHER DEMOGRAPHICS

(% of respondents, N=13,886)



Female



Male

32%



18-24

31%



25-34

21%



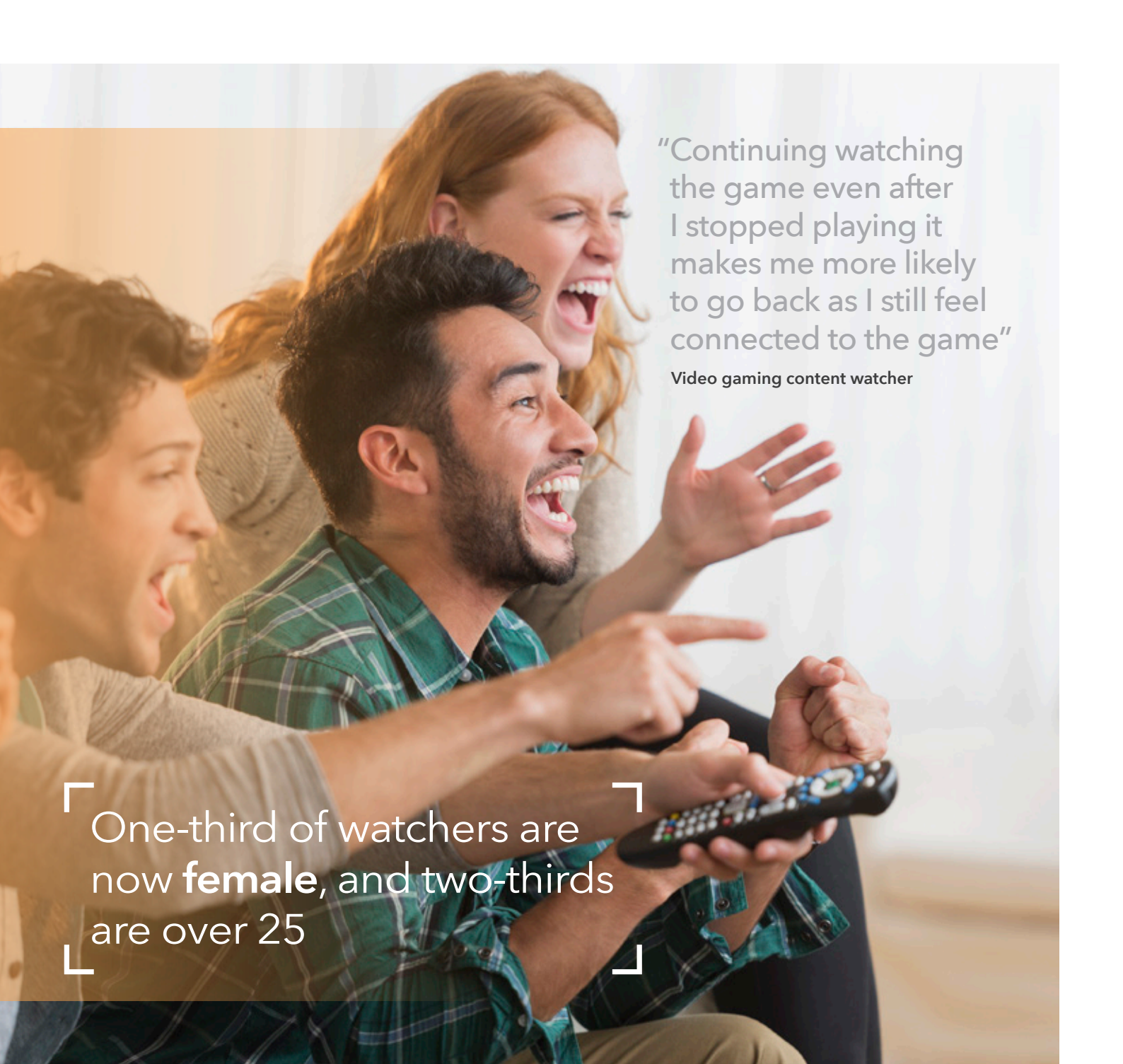
35-44

16%



45-54

Source: Google Surveys, UK, fieldwork conducted Jan 20-24th 2020, n=13,886, All genders 18-54



“Continuing watching the game even after I stopped playing it makes me more likely to go back as I still feel connected to the game”

Video gaming content watcher

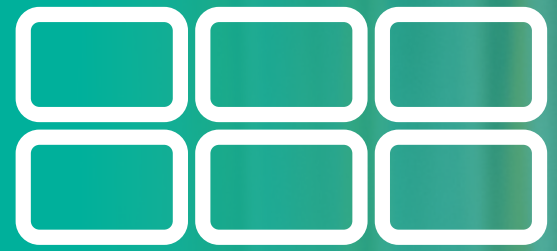
One-third of watchers are now **female**, and two-thirds are over 25

As expected, penetration is significantly higher among gamers - although, somewhat surprisingly, 37% of those who watch video gaming content do not play video games. The vast majority of these are lapsed gamers (typically as a result of having less time due to changes in lifestyle/circumstances) who watch content to continue their engagement with the category.

Those who do watch, spend a lot of time doing so, with the youngest age groups spending significantly more time watching video gaming content online than watching sports on TV. This trend is seen most acutely in South Korea, where government investments in infrastructure in the 1990s have accelerated the popularity of video game playing and watching, and nearly as much time is spent watching video games as traditional sports across the entire population.

While other markets may not reach the same level, we would expect video game watching in Western Europe and North America to continue to broaden its penetration and grow its share of audience attention.

2 What are they watching?



Types of content

Video gaming content divides into two macro-categories, with three broad content types:

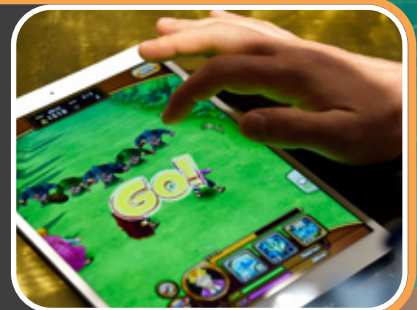


e-Sports tournaments

Live broadcasts of gaming competitions and events involving professional players and teams

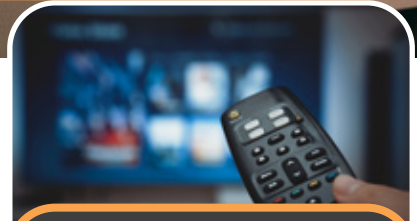
Individual gaming content

Content produced by individuals (both amateurs and professionals) which covers a range of different types of content, including reviews, instructional videos, and general gameplay



Live

Content streamed and viewed live by individuals, often accompanied by active chat feeds where viewers can interact with each other and the streamer



Video-on-Demand (VOD)

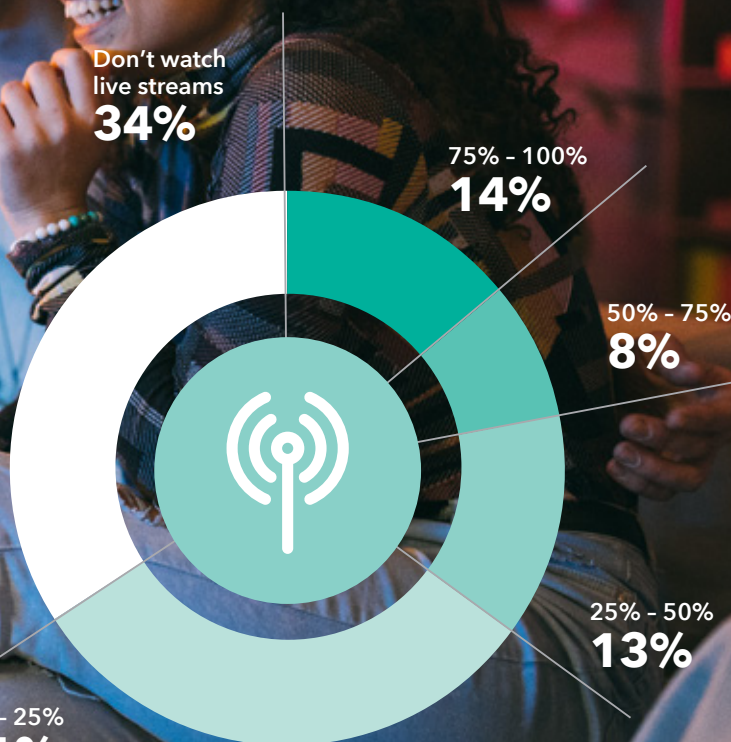
On-demand content uploaded by the producer/streamer and viewed after the event



34% of watchers do not watch any live streams, focusing purely on video-on-demand (non-live) content

WHAT PROPORTION OF THE GAMING VIDEOS THAT YOU WATCH ONLINE ARE LIVE STREAMS? (% watchers)

Source: Google Surveys, UK, fieldwork conducted Jan 20-24th 2020, n=1,001, All genders 18-54



Nearly two-thirds of video gaming content watchers consume at least some live content. The most viewed content by watch time across all age groups are e-Sports tournaments, which also attract viewers in physical stadiums and through TV broadcasts. Younger viewers devote both the most watch time overall, and the largest proportion of their viewing time, to individual gaming content. Under-18s are also likely to spend a significant amount of time (if not more than 18-25-year-olds) watching individual gaming content, but no data is available on this demographic.

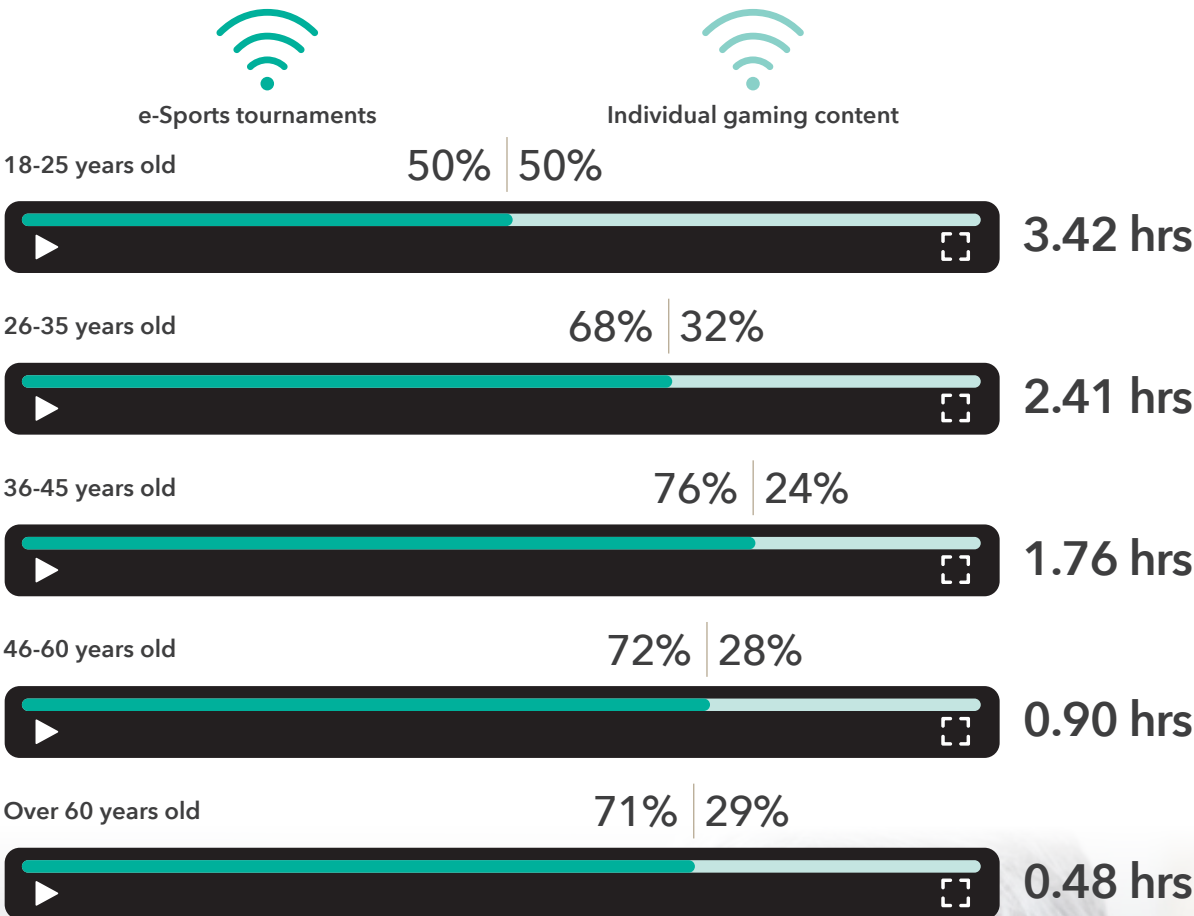
34% of watchers do not watch any live streams, focusing purely on video-on-demand (non-live) content.

Those watchers who view live streams tend to watch gaming video-on-demand content for significantly longer than those who do not.

“It’s great gameplay. It’s trailers. It’s a bit of both the creator and publisher community”

Global Head of Gaming and VR, Content & Partnerships, YouTube

WEEKLY HOURS SPENT BY GAMERS WATCHING VIDEO GAMING CONTENT BY TYPE AND AGE GROUP, 2018



As the overall frequency of gaming streams viewership decreases, e-Sports capture an increasingly larger share of the total time spent on watching gaming.

Source: Limelight Survey [2018, France, Germany, Japan, South Korea, UK, USA, fieldwork conducted Jan 12-14, 2018, n=3,000, All genders 18+]



YouTube Gaming and Twitch are the leading video game streaming platforms

Video gaming content platforms

Video gaming content is typically consumed through platforms, which contain a mix of uploaded and live gaming content.

The two largest platforms are YouTube Gaming (owned by Google) and Twitch (owned by Amazon) - Twitch is more focused on live streams, while YouTube has a higher proportion of on-demand content. The audience composition for these two platforms sheds further light on viewer demographics - Twitch is younger and far more male skewed - suggesting that live stream viewership also skews in this way.

Streaming platforms usually feature a chat function, allowing watchers to comment on the video and communicate with the streamer and each other. Other common features include functionality which allows viewers to donate money to the streamer and the ability to see how many others are watching the same stream.

LEADING GAMING CONTENT PLATFORMS - Q4 2019



Owner:



Established

August 2015

Hours watched

12.5 billion

Owner:



Established

June 2011

Hours watched

2.3 billion



Facebook Gaming

Owner:



Established

January 2016

Hours watched

0.1 billion

Owner:



Established

June 2018

Hours watched

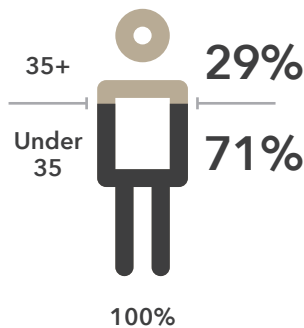
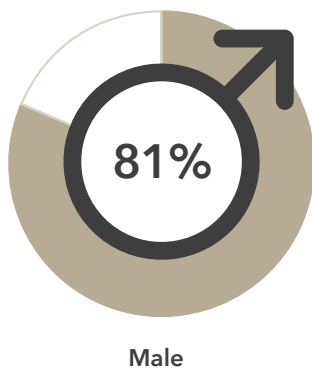
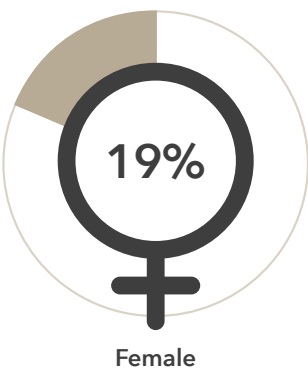
No data

Source: Streamlabs, YouTube Internal Data, Newzoo, Global

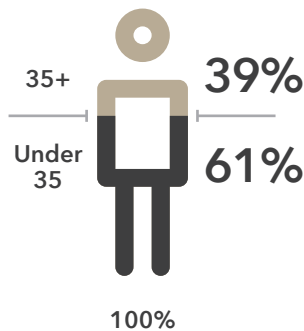
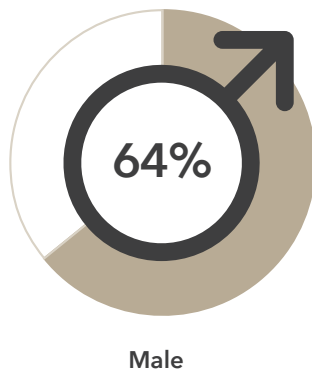
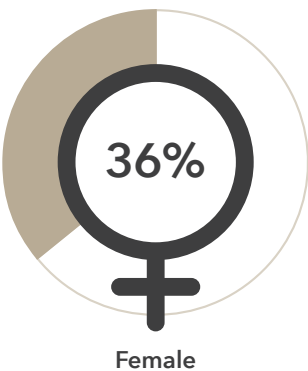
Stream watchers tend to be overwhelmingly young males, with Twitch having a younger and more male audience due to higher focus on live content.



ONLINE GAME STREAMING SERVICES DEMOGRAPHICS



YouTube Gaming focuses more on uploaded videos, while Twitch relies heavily on live streamed content - implying that online gaming streaming audience is generally younger and more dominated by males compared to the overall gaming watching audience



"I watch uploaded videos on YouTube, while for live streams I go to Twitch"

Source: InfluencerMarketingHub, Statista, Google Online Survey (UK, n=3,441, All Genders, December 2016)

WHAT DO STREAMING PLATFORMS LOOK LIKE?

The image displays two screenshots of streaming platforms. The top screenshot shows a YouTube video titled "REALISTIC MINECRAFT - THE MOVIE (2020)" with 1,836 viewers. The bottom screenshot shows a Twitch stream of a League of Legends match by the streamer "iWillDominate", with 530 viewers and 54,506,677 views. Callouts with arrows point to various features: a person-facing camera and game feed, follow/subscribe options, a top chat/donator list, and live viewer/view statistics.

Often one or more person-facing camera feeds and a screen feed of gameplay

Options to follow or subscribe to the streamer

Top donors or supporters set by streamer

Live number of current watchers and overall views

Live chat between viewers

Source: YouTube/Twitch

Online competitive games, such as Fortnite and League of Legends are the most viewed category on video gaming content platforms

Types of game

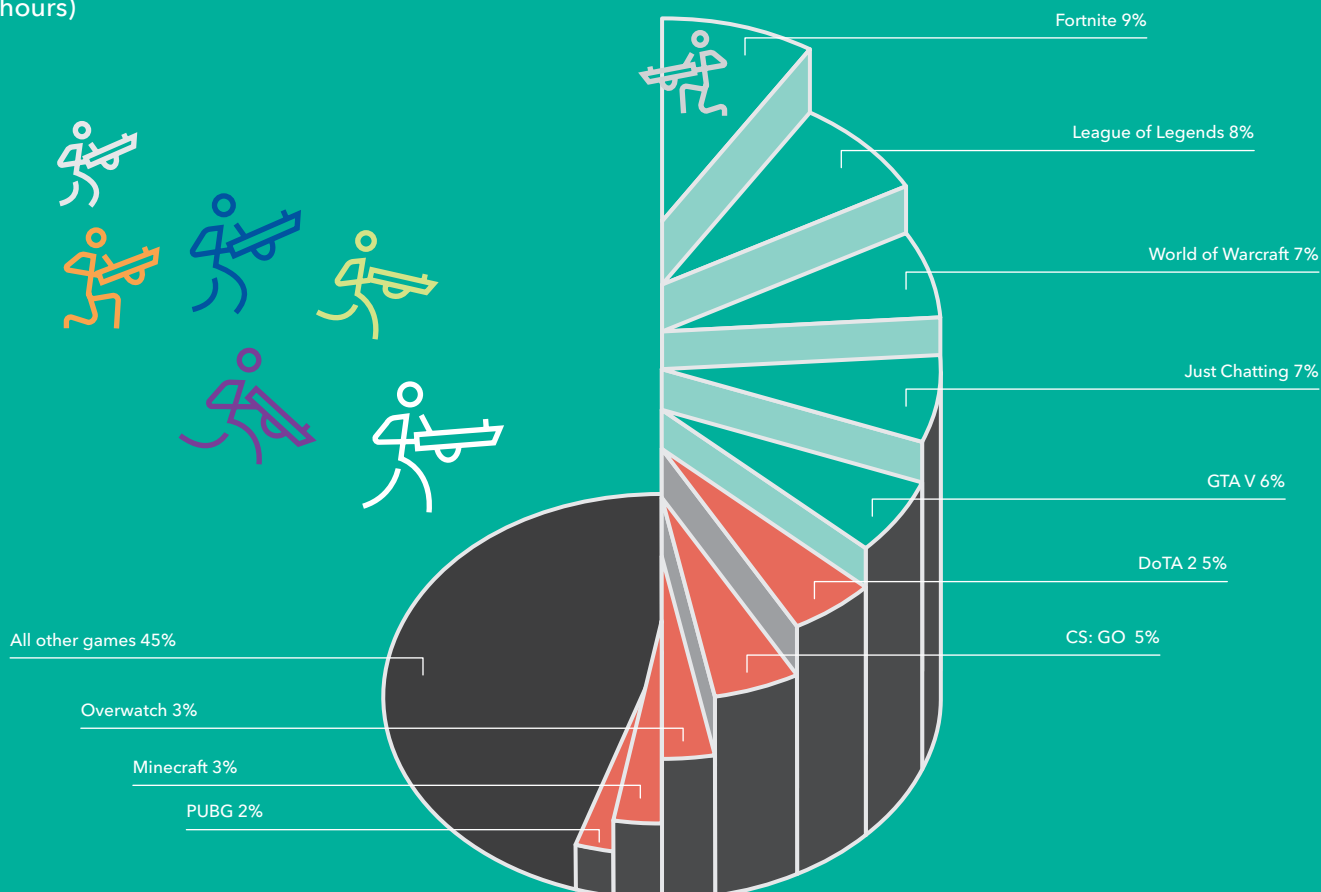
Certain game characteristics lend themselves to live watching, and games such as Fortnite or League of Legends which combine a number of these characteristics dominate the most viewed categories on streaming platforms.

Generally, watchers spend the most time viewing games which feature online multiplayer matches, with short (15-45 min) rounds, and with regular game updates to add new maps, features and challenges. There is no magic formula however: Minecraft contains few of these features but remains a popular game on streaming platforms.

Overall, viewing is concentrated in Action, Battle Royale and MMORPG games. Streaming platforms also host non-gaming streams featuring: talk shows, daily life, tutorials and sports - with the "Just Chatting" category on Twitch capturing this kind of content.

Viewing is heavily concentrated, with the top 10 'games' (including "Just Chatting") on Twitch accounting for over 50% of all views.

TOP GAMES BY HOURS WATCHED ON TWITCH, Q3 2019
(% of total hours)



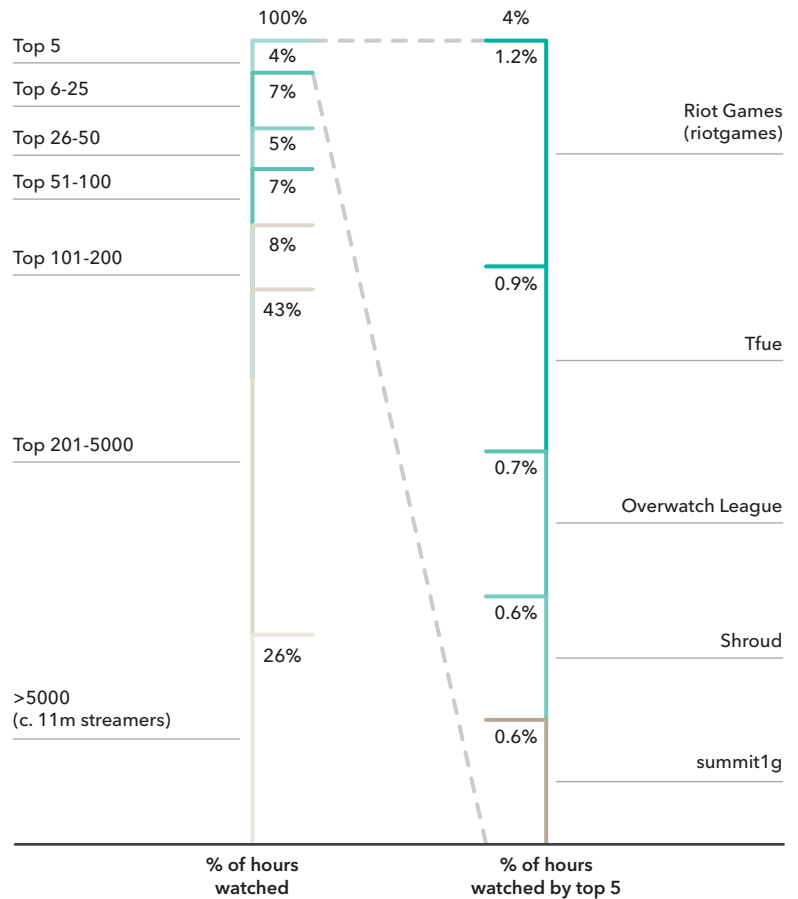
Streamers and creators

The specific streamers that people watch exhibits far more fragmentation than the games that they watch, with the top 5 streamers on Twitch only accounting for 4% of viewing time, and the bulk of viewing coming from outside the top 100 streamers.

However, on a platform with over 11m streamers, the top 5000 (or the top 0.05%) account for around 75% of all viewing time - suggesting that there is a very long tail of streamers with very few viewers.

From a streaming platform perspective, this limits the risk to the platform from key streamers leaving - as was manifested by the move of a leading streamer, Ninja, from Twitch to Mixer in October 2019, which showed little negative impact on Twitch viewers, and no clear uplift for Mixer.

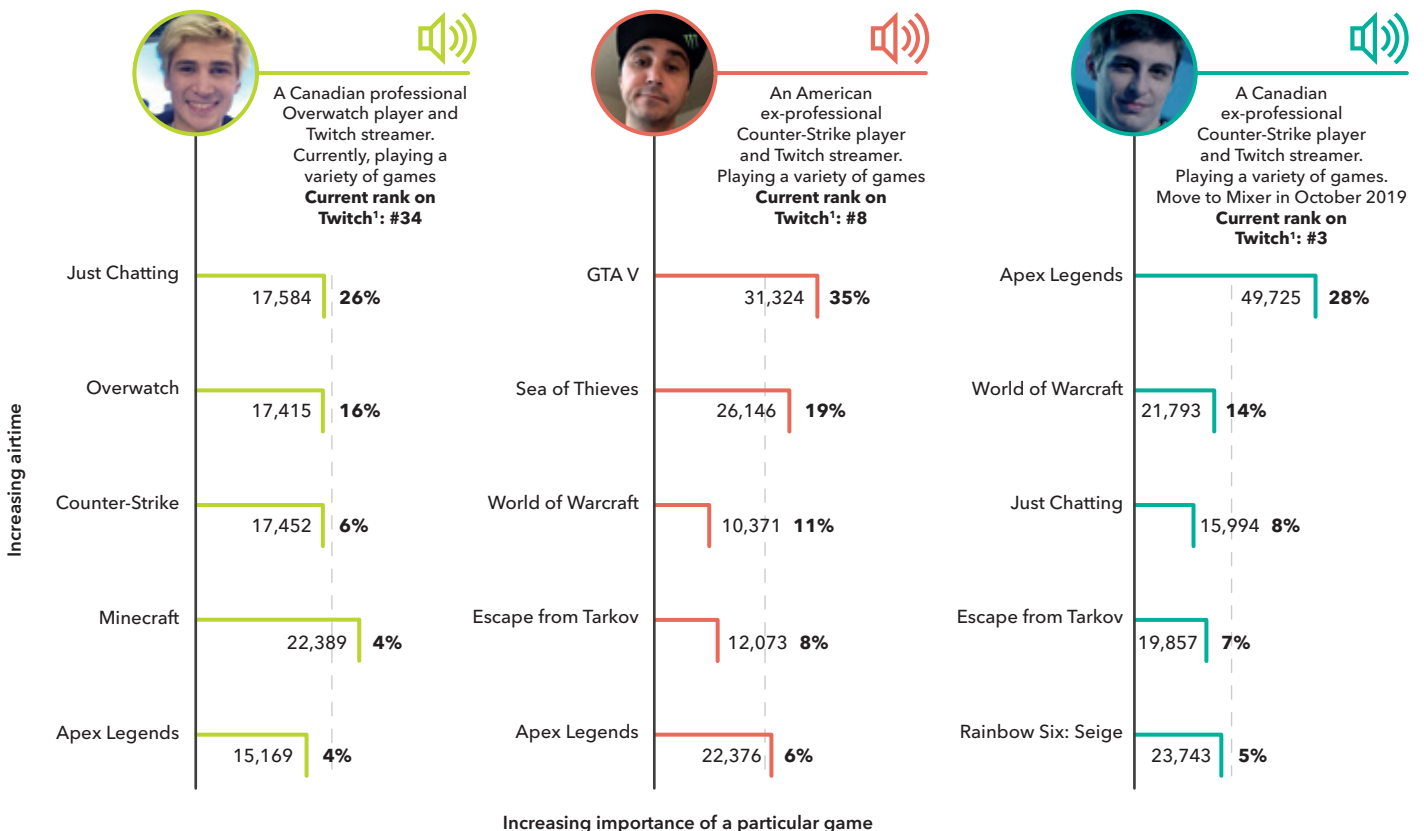
SHARE OF CHANNELS BY TIME WATCHED, 2019 (% time watched)



Source: YouTube

STREAMERS

Streamers typically fall into specialists (focusing on a single game, and attracting most viewers on that game), genre-focused (attracting viewers across multiple games from a single category), or generalists (attracting viewers across categories). Watchers tend to follow specialists for their skill at the game, and generalists for their entertaining content and commentary. Genre-focused streamers fall between the two.



Source: Streamlabs, Global

3 Why do they watch?

As gaming enthusiasts, consumers of live and on-demand gaming videos are interested in footage of gameplay, as well as improving their own knowledge and abilities in games.

Since on-demand videos can be edited to just show the best and most interesting parts of gameplay, and watchers can use these videos to repeatedly see how others play the game (together with video tutorials), pre-recorded videos are favoured by those for whom these factors are the most important.

Watching streams offers watchers a different experience to pre-recorded video content, and accordingly those that watch live streaming do so for slightly different reasons.

The motivations for e-Sports watchers are more obvious, with gaming tournament broadcasts fulfilling an identical role to live broadcasts of physical sporting events.

While gameplay and improving knowledge and skills are still important to those that watch individual gaming streams, there are additional motivations for watching which live streaming fulfils better than pre-recorded content. The importance of these needs to an individual explains how viewers decide between the two.



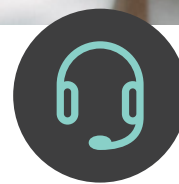
1. Personality of the streamer

Where watchers are viewing videos for the streamer's personality, watching live lets viewers see how the creator behaves unfiltered and unedited, giving a more genuine insight into the presenter.



2. Skill of the streamer

If watchers want to be impressed by another player's skill, live streaming showcases how streamers actually play, and watchers know that they aren't seeing a selection of cherry-picked moments with failures and bad moments cut out.



3. Connecting with a like-minded audience

The social aspect of video gaming streaming is an obvious advantage of streaming; watchers can see how many others are watching alongside them and use chat functions to comment on and discuss what they are watching.

“They might not notice your YouTube comment...but they might notice your chat on the live stream”

Video gaming content watcher

“Watching live you know it’s unedited, it’s unscripted... there’s no hiding”

Video gaming content watcher

While the absolute importance of these motivations determines whether or not a watcher consumes streaming, their relative importance determines the type of streaming content they watch.

WHAT ARE YOUR REASONS FOR WATCHING VIDEO GAMES?

(% watchers, N=947)

Only watch pre-recorded content

49%



Live stream watchers

43%



Gameplay and game content

40%



36%



Improving knowledge/skill

23%



35%



Personality of the streamer

9%



22%



Skill of the streamer

4%



13%



Connecting with a like-minded audience

Source: Sullygnome, Twitchtracker, Streamelements, Global

“You know all their reactions and behaviour is genuine because it’s happening live”

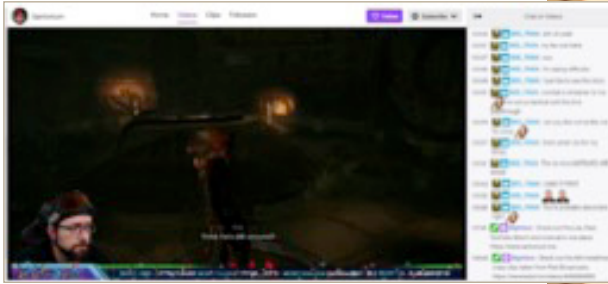
Video gaming content watcher

Watcher values



Gameplay and game content

Santonium streaming Death Stranding on Twitch



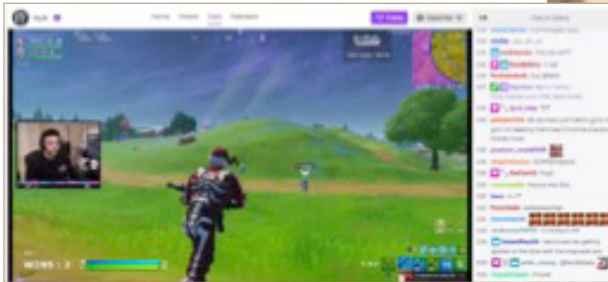
“You end up just sitting there, watching it like a TV show on Netflix”

Video gaming stream watcher



Improving knowledge and skill

Myth streaming Fortnite on Twitch



“I respect streamers that put effort in and show you how it is done”

Video gaming stream watcher



Personality of the streamer

Imaqtpie streaming League of Legends on Twitch



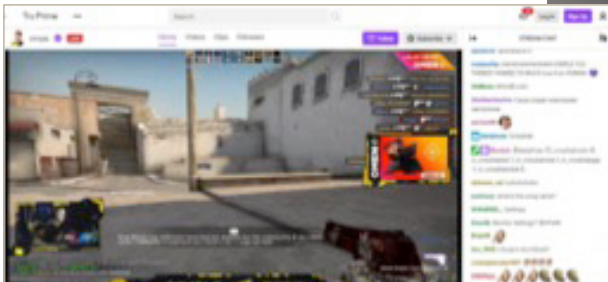
“He’s so funny, he’s just such a joker... You really get to know the person...I feel like I know him as a friend”

Video gaming stream watcher



Skill of the streamer

S1mple streaming Counter Strike: Global Offensive on Twitch



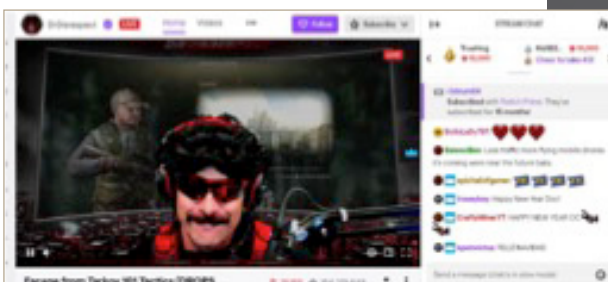
“He’s mechanically the best at the game - no one else is as good as him”

Video gaming stream watcher



Connecting with a like-minded audience

DrDisrespect streaming Escape from Tarkov on Twitch



“It’s on par with football...you get the crowd aspect and everyone will cheer when something good happens”

Video gaming stream watcher



FEATURES OF LIVE VERSUS PRE-RECORDED VIDEOS

	Live streaming site (e.g. Twitch, YouTube Live)	Uploaded videos (e.g. YouTube)
Shared experiences Knowing you are watching at the same time	Watchers are able to share the experience with others and are able to see the number of people that are watching the stream at the same time	Some big YouTubers get large audiences at one time but it's not clear to the watcher
Audience interaction Community commenting on the content	Watchers and streamers are able to communicate and engage with each other	Watchers may leave comments but there is often a delay in receiving a response from others in the community or the content provider
Two-way connection Between the watchers and streamer	Streamers call out and comment on the audience's engagement	YouTubers may interact with comments but it's perceived as rarer
Raw and unfiltered Unedited and in-full	Content is uploaded as it happens and in real time	YouTube videos are usually edited and cut down
Always there Constantly available any time of the day	Watchers can see content of streamers from all over the world at any time	Watchers have access to uploaded content any time they want
How to do Learn new things	Watchers can pick up tricks from streamers and ask questions	YouTube videos often explicitly giving advice on how to do things
Highlights Best bits, edited down	Unedited	YouTube videos are edited to contain the useful/interesting/entertaining content
Reviews Overview and advice about purchases	Tips but not a fast/efficient way to make decisions	Watchers can have a quick summary and review of a product or game

Key feature
 Minor feature
 Not present

4 How do they watch?



Watching splits between active, passive and simultaneous states

How do they watch?

Passive watching is the most common, with watchers having gaming content on in the background while doing other things – akin to a modern version of behaviours often exhibited with traditional media like TV or radio

Simultaneous watching, the second most common category, sees watchers playing games while watching content – suggesting more potential for them to respond to calls-to-action in the content

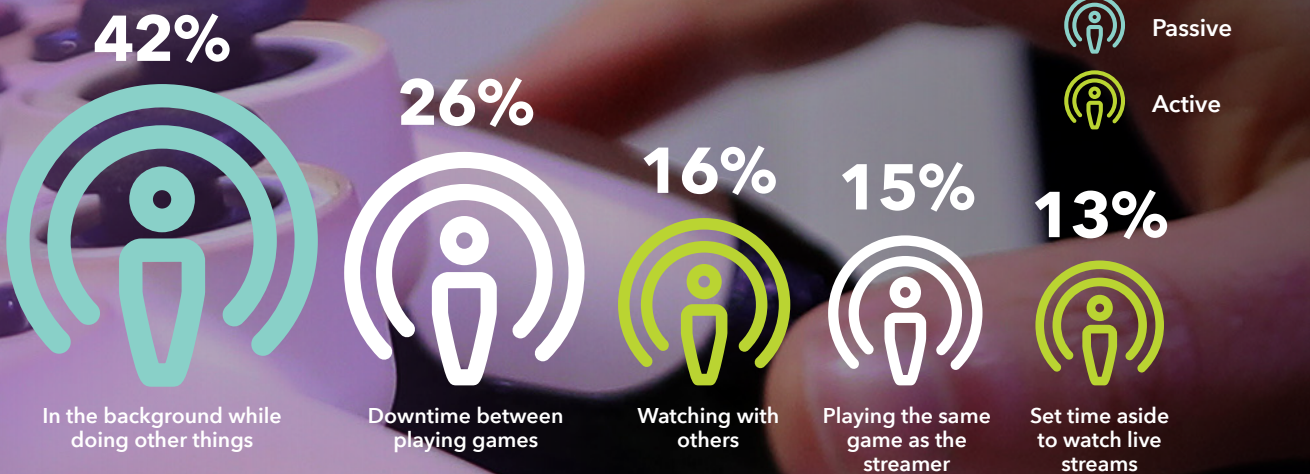
Finally, **active watchers** clearly have much more engagement with the video content itself, giving it their full attention and actively participating in live chats



Passive watching

- Doing another activity with a live stream on in the background
 - In passive watching, streaming fulfils a similar role to uploaded videos or television
-

WHEN DO YOU WATCH LIVE STREAMS?
(% watchers, N=970)



Source: Google Surveys, UK, fieldwork conducted Jan 20-24th 2020, n=1,001, All genders 18-54



Simultaneous watching

- Both watching a live stream and playing a game at the same time, on different screens
- Simultaneous watching can combine active and passive: watchers are mainly passive when playing themselves, but switch to active between matches or when games are loading

Active watching

- Full attention on the stream, participating in the live chat, etc.
- Active watching allows watchers to immerse themselves in the social experience of streaming by participating in the chat with other watchers

So what?

Understanding the audiences, motivations and behaviours behind the growth of the video gaming content watching phenomenon has important implications both for those within the gaming industry, and those hoping to access the audiences that it is increasingly able to assemble.

GAME PUBLISHERS AND DEVELOPERS

As would be expected, video gaming watchers are a valuable and engaged audience for publishers to access. While only 63% of watchers are current gamers, 87% intend to purchase a game in the next year - and streaming platforms will be very influential in determining which game they will purchase.

Of factors which influenced watchers' last video game purchase, online videos were number two, second only to which games their friends were playing, and ahead of promotions, reviews and social media.

Over half of watchers are more or significantly more likely to buy a video game after seeing it in a gaming video, and this effect is strongest among the youngest viewers which are increasingly hard to access through traditional advertising channels such as TV.

Game publishers should ensure that getting their game into the hands of streamers is a key pillar of their launch and marketing strategy, alongside more typical display advertising to the key audiences that spend time on streaming sites.

However, promoting games no longer stops after launch, and in a world of ad-supported free-to-play games and in-game purchases, ensuring that gamers continue to play is as important as getting the initial download or purchase. Once again, streaming is a very important factor, and having streamers continue to broadcast a game keeps it front-of-mind, and therefore keeps watchers playing too. Our research shows that ongoing game revenue can change in proportion to hours watched on streaming platforms.

Game developers need to keep this in mind, especially when designing games which will rely on revenue from high levels of active players.

“Marketers need to think about designing games that are e-Sports or streaming friendly”

Head of Entertainment, Games & Media, Google

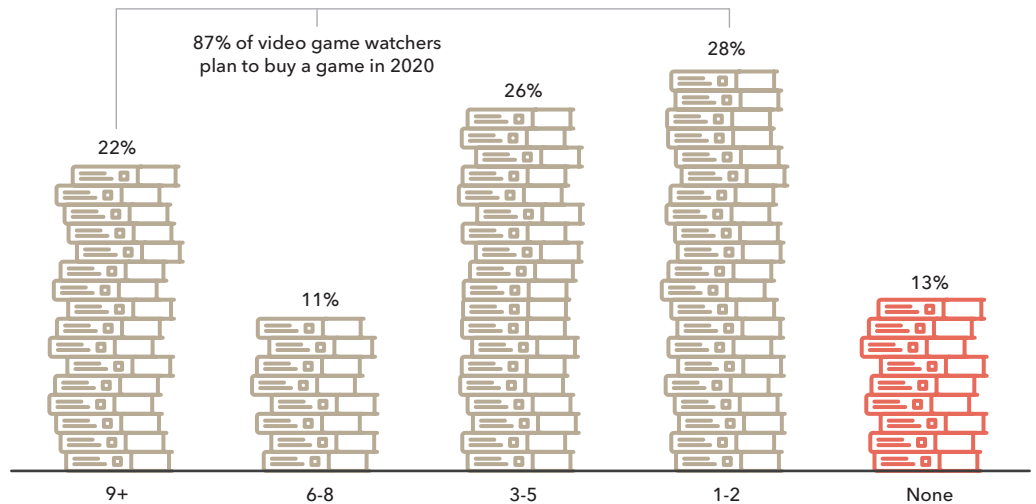
“When it comes to selling a game, having a streamer tell the audience your game is great is ten times more effective than a journalist giving it a rating”

Former Senior Marketing Manager, Major Publisher

>50% of watchers say that watching gaming videos increases their chances of buying the game

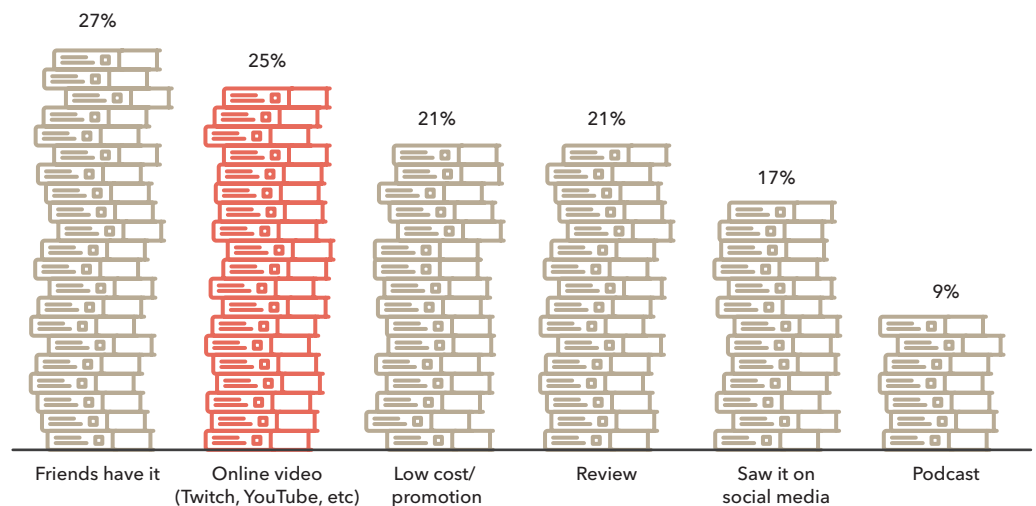
IN 2020, HOW MANY GAMES ARE YOU LIKELY TO PURCHASE?

(% watchers, N=970)



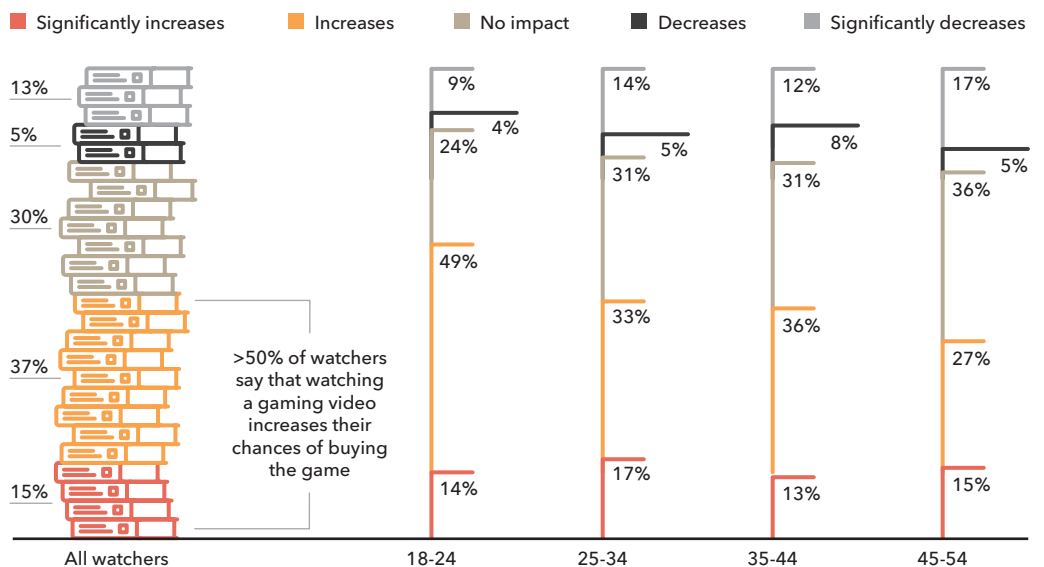
WHAT INFLUENCED YOU TO BUY YOUR LAST VIDEO GAME?

(% watchers, N=1,288)



WHAT IMPACT DOES WATCHING GAMING VIDEOS HAVE ON HOW LIKELY YOU ARE TO BUY THE VIDEO GAME?

(% watchers, N=1,200)



Source: Google Surveys, UK, fieldwork conducted Jan 20-24th 2020, n=1,001, All genders 18-54

Streaming platforms can be an incredibly effective channel for customer acquisition and awareness, but do not guarantee continued engagement



CASE STUDY

APEX LEGENDS™

“Time is now money - it is all about engagement and keeping people in your ecosystem. The longer we can keep people in that universe, the more money we get”

Former Brand Development Director, Major Publisher

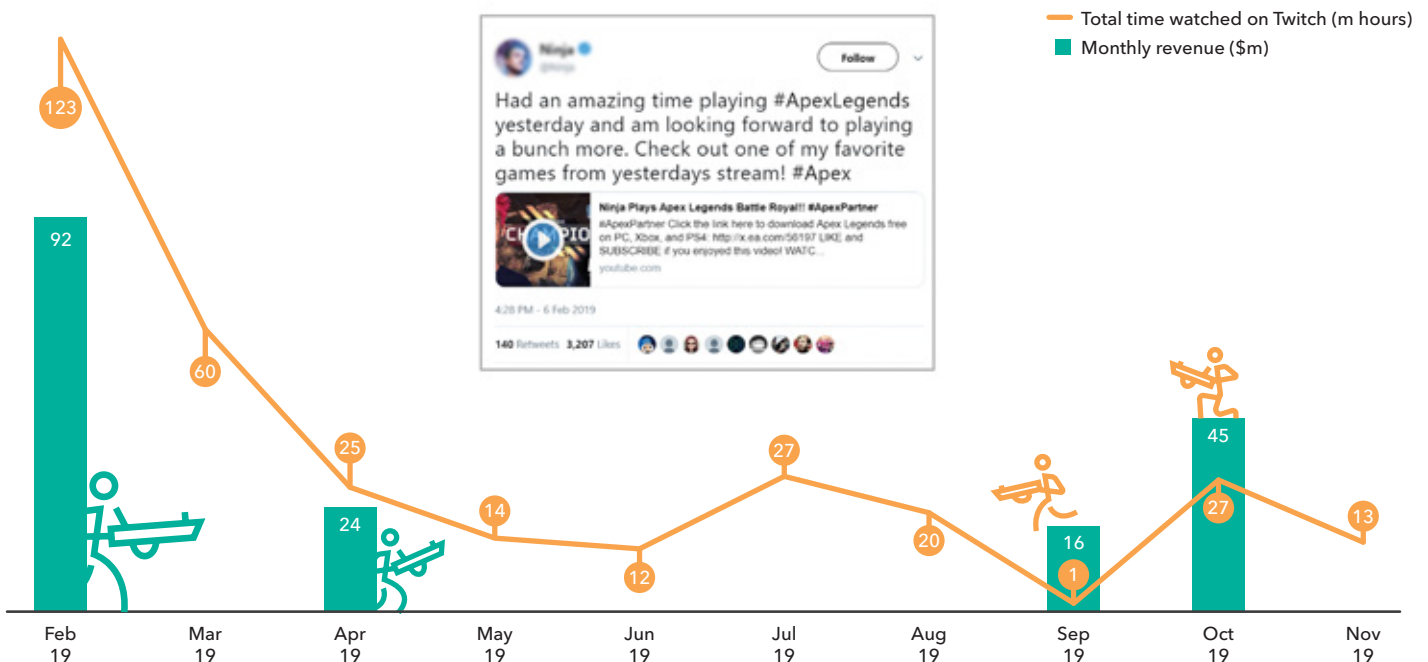


Actors from “Apex Legends” perform during EA Play, Los Angeles 2019

Apex Legends was released on 4th February 2019 and EA heavily focused on getting key influential streamers such as Ninja to play the game on Twitch to raise awareness.

This launch strategy was hugely successful initially – Apex gained 2.5m players within the first day. However, without continued gameplay on Twitch and watching platforms, game revenue has declined in proportion to the decline in hours watched on Twitch.

APEX LEGENDS PERFORMANCE



Source: Twitchtracker, SuperData

Regular gameplay updates and changes have sustained Fortnite's popularity on streaming platforms, contributing to record-breaking revenues



"League of Legends kept their content fresh by continually releasing new legends"

Head of Entertainment, Games & Media, Google



Fortnite World Cup Finals at Arthur Ashe Stadium on July 26, 2019 in New York City

Fortnite relies on the continuous engagement of players to earn revenues through in-game purchases.

Fortnite's 15-minute rounds, competitive online multiplayer and regular updates have made it among the most popular games on streaming platforms.

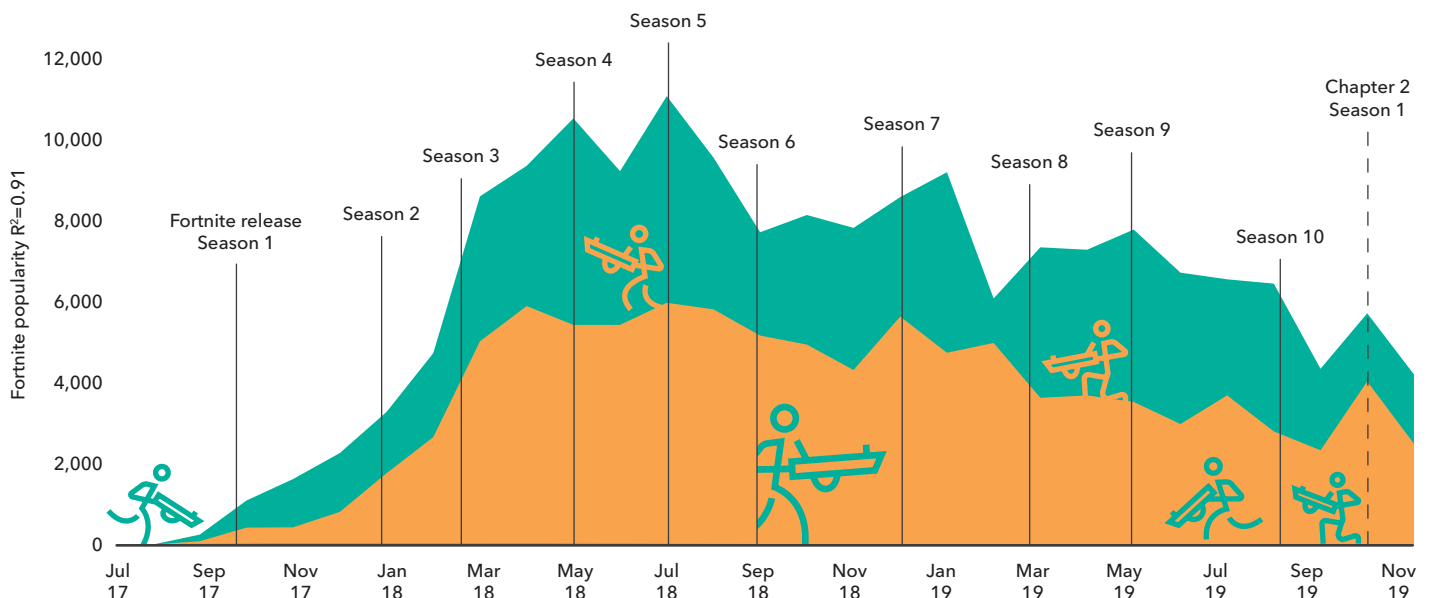
Revenues have been closely linked to video streaming, and the game's enduring popularity generated the highest annual revenue of any single video game title in history, earning \$2.4bn in 2018.

FORTNITE POPULARITY

Fortnite Seasons - Bring different themes to the existing map such as winter, tropical etc.

Fortnite Chapters - Introduce a completely new map with tweaks in game mechanics

■ Twitch hours watched (Aug 17=100)
 ■ Google trends popularity (Aug 17=100)



Source: Sullygnome, Google Trends

Advertisers

Given the already significant and growing base of watchers which video gaming streaming has amassed, there is a clear opportunity for advertisers to promote products on streaming platforms, if not in the games themselves. Those spending large amounts of time gaming have historically been harder for advertisers to access. The pay-up-front retail model typically used by game developers limited scope for advertisers to get in front of gamers during play time to product placement within the games themselves.



Streaming platforms can be an incredibly effective channel for customer acquisition and awareness, but do not guarantee continued engagement

While the growth of ad-supported free-to-play games has relieved this challenge to an extent, streaming platforms provide a significant incremental opportunity for advertisers to access gamers, as well as capturing those enthusiasts that have substituted playing for watching.

Lastly, streaming platforms provide an opportunity to access a large proportion of the younger, male population generally, not only gamers – and increasingly other groups too. While nascent, the appeal of streaming platforms beyond the gaming community is growing, with streams dedicated to make-up tutorials, food and other generalist categories all achieving high levels of viewers.

Streaming watchers are uniquely more open to advertising than viewers of other channels. The desire to support their favourite streamers can mean that some live stream viewers will turn off ad-blockers when watching to increase the revenue of their favourite channels.

Advertisers can use streaming to access this audience in several ways:

1. Display and native advertising

Given the tech giant owners of the largest streaming platforms (Amazon, Google, Microsoft and Facebook), it's not surprising that streaming platforms have advertising built-in, with video ads shown to viewers before content begins and during breaks in the content (this can be both skippable and non-skippable), and static display adverts throughout the websites.

2. Influencer marketing

Similarly to Instagram and YouTube, brands can work with streamers directly to get their products featured through product placement or sponsorships, which has the benefit of being immune to watchers' adblockers. Innovatively, Twitch also features a marketplace to connect brands with streamers directly.

3. Brand-curated content

Some companies such as Wendy's have gone as far as to start their own streaming channels to promote their brand, generating large amounts of publicity.

“Marketers are massively branching into e-Sports and the long tail of gaming content”

Head of Entertainment, Games and Media, Google

“The shift from obtrusive marketing to hitting fans of a certain product through aligning with that product helps you find a new audience who would never see your game otherwise”

Former Senior Marketing Manager, Square Enix

Our findings...

We conclude by summarising our findings and their implications for games publishers and advertisers:

1

The Watchers audience is growing and is poorly utilised

The watching of video game media continues to grow at pace and so therefore does the importance of Watchers within the video games ecosystem, particularly the growth in watchers who have not purchased the game they are viewing.

Video games Watchers are currently poorly utilised and under-targeted, and therefore represent a huge opportunity for both gaming and non-gaming advertisers.

> *How can you increase your sophistication in capturing the value from Watchers of your content being streamed?*

2

Watchers engage with content in varying states

There are clear, varying states of Watcher engagement with video games content. These range from it being passive background media to Watchers simultaneously watching multiple games, to Watchers being fully immersed and engaged with a single piece of content and/or streamer.

> *How can you tailor your message depending on the state of the Watcher?*

3

There is a variety of video game content being watched

The variety of content being watched continues to diversify within the two main 'on demand' and 'live' macro categories. The most popular on demand content includes highlights, reviews, gameplay and much more, and this category still represents the lion's share of watch time.

The live content category is growing fast and includes live first person shooter (FPS) multiplayer, large e-Sports events, mobile app tournaments, and single player action play throughs.

> *Should you have different content strategies for on-demand and live content?*

4

There is a deep relationship between streamers and watchers

Streamers and Watchers share a deep, authentic relationship which builds over time. This gives PC, console, and apps games publishers a real opportunity to reach both new and existing target audiences in a way that feels far more genuine than traditional advertising if planned and integrated in the right way.

> *How can you authentically integrate your message to Watchers?*

5

Marketers need to embrace video games as a medium

As Streamers start to behave more like media platforms and/or owners there are more opportunities to increase marketing sophistication inline with media platforms. Publishers should move towards the use of more sophisticated and integrated data and technology with platforms in order to better activate within influencer/streamer content. This is vital for publishers both promoting new games, older games to new audiences, and content to new gamer audience segments including both existing users and lapsed users.

> *How can you better leverage data and technology to reach new audiences?*

7

Advertising formats need to be consistent and nimble

Publishers need strong strategies that drive a common message to engage Watchers across an increasing number of digital media formats. These include: mid-roll ads, companion ads, homepage takeovers, pre-roll, product placement, and verbal endorsement call outs.

They also need to consider non-traditional formats like product placement and sponsorship to reach and engage these audiences.

> *How can you test the emerging range of new formats that exist across screens?*

> *How can you investigate what types of content (e.g. gameplay, tips and tricks, reveals, and behind the scenes) will be the most engaging in the future?*

6

Marketing strategies need to pivot away from a launch and updates

With the increased focus on strategies of constant content that is enjoyed by different audiences, and increasing player engagement, it's important to consider video games marketing strategies beyond just the release and content update windows.

Influencer strategies may be wider and more varied and as Watcher growth continues, publishers may decide on a multiple smaller streamer support approach to reach an audience size similar to the biggest streamers of their title.

> *How can you ensure seamless coverage across Streamers, e-Sports events, and official channels?*

> *How can you look to establish an always-on approach that allows for continued engagement with Watchers in order to maximise the LTV of your audience?*

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