

How the NBA Is Using Esports to Grow Its Audience

Article

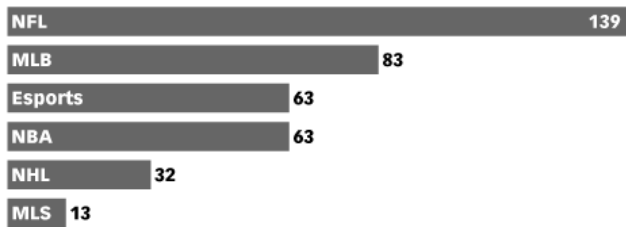
The US esports audience isn't likely to reach Super Bowl proportions any time soon, but with viewer numbers expected to top 46 million in 2023, per our latest forecast, this is a large and growing segment of the sports entertainment ecosystem.

A study by Activate estimated that the US esports audience is on par with that of the NBA at 63 million viewers. While that comparison is impressive, it needs some context. First, the

Activate study was conducted in large part during the NBA's off-season. Also, the threshold for counting an esports viewer may have been lower than for traditional sports because esports is viewed mostly on streaming platforms compared with traditional TV.

US Sports Viewers, by League, 2018

millions



Source: Activate Inc., "Tech & Media Outlook 2019," Nov 13, 2018

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An NBA spokesperson reported that the league had 123.2 million TV viewers during the 2017-2018 season, or almost double the number in Activate's study. These differences notwithstanding, as **esports viewership grows**, so do the vital links between this emerging world of competitive gaming enthusiasts and the traditional sports industry.

The NBA sees the rise of professional gaming as an opportunity to expand its own audience and bring in non-endemic advertising partners.

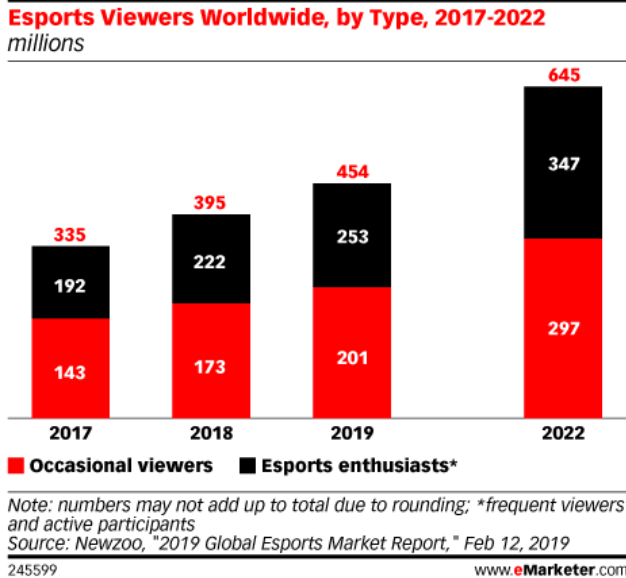
In 2018, the National Basketball Association **launched the NBA 2K League**, becoming the first US professional sports organization to have an esports league of its own. Based around the popular NBA 2K video game series, esports players compete in 5-on-5 games throughout a season running from spring to summer.

In its inaugural season, 17 of the 30 NBA franchises participated in the 2K League. This year, **four additional NBA franchises** will join, using the same team names as their professional (real life) counterparts.

Non-endemic sponsors now play a significant role in the esports space. Last year, data from **Nielsen Esport24** showed that non-endemic esports sponsorships made up 39% of the market.

As esports grows, it will also bring in more viewers outside of its direct niche. According to **NewZoo**, 253 million esports viewers will watch more than once a month in 2019. But an

additional 201 million viewers will tune in less than once a month, indicating the growth of a more casual, mainstream audience.



For our "**Esports 2019: eMarketer's Forecast for US Audience, US Ad Revenue Growth**" report, we spoke with industry experts about the role of traditional sports operating in the esports space. Here's what they said:

Brendan Donohue, Managing Director, NBA 2K League

The NBA has been planting the seeds of being a global sport for a long time, but 99.9% may never have the opportunity to go to a game in an arena. We've viewed [the 2K League] as another way to engage that audience. It's a popular global sport, but 2K is very popular internationally, too. We have another big opportunity with esports enthusiasts. Twitch has 15 million daily active users on its platform, and we've seen—through our partnership with them—that a lot of esports enthusiasts are crossing over and checking out the 2K League.

Going into Season 2 of the [NBA 2K league], we see a lot more non-endemic brands realizing they need to invest here. And that is newer to esports.

Sam Asfahani, former Head of Content, NBA 2K League; CEO, OS Studios

I was with the NBA when we built this strategy, but for many brands we work with, esports is exactly that: a marketing tool for fan acquisition. It's not about selling a product or service, it's about the lifetime value of a fan and how we acquire them. For the NBA, that's easy—they

have a fantastic game in NBA 2K, so they have a very authentic position in gaming. They're not forcing any link. A lot of people enter NBA fandom through playing the video game. That's a successful way to approach video games and esports because they're high-engagement entry points. It's not surprising that several brands, not just the NBA, see [the 2K League] as an opportunity.

Grant Paranjape, Director of Esports Business and Team Operations, Monumental Sports & Entertainment (owners of the NBA's Washington Wizards and Wizards DG esports franchises)

The NBA 2K League is relatable to a traditional sports audience, but is also reaching the hardcore audience that plays video games every day. You see a team like Wizards District Gaming or Bucks Gaming and you follow the players and storyline. When you grow older and need an NBA team to root for—or take your kids to watch—you turn to the NBA [2K League] as that vehicle.

Going that one step further and transforming a hardcore League of Legends fan into a Washington Wizards fan is where this becomes a longer term play. But it's a really exciting time, and if you're a sports owner, you want this audience.