THE RISE AND RISE OF ESPORTS

Esports is sweeping the world especially in Southeast Asia and Malaysia. With viewership jumping each year, businesses and brands are starting to take notice and invest in this burgeoning industry.

By Ariel Chew

The inclusion of electronic sports (esports) into SEA Games 2019 ushers in a new era in the region where the typical non-muscular and pale e-gamers are to be celebrated as video gaming athletes.

In fact, six of them are aiming to win medals at the games to be held at year end in the Philippines. The Grand Finals of the Malaysian National Selections for the games recently concluded and the qualified athletes will attend a boot camp which will typically offer intensive training sessions and networking opportunities.

To Lim Keat Kuang, managing director of K&K Revolution which manages Geek Fam, a leading esports organisation, it is common for professional esports athletes to train for an average of eight hours every day.

"The training regimen includes practice matches against other professional teams (known as 'scrimming'), strategy planning sessions where the players study the game and their opponents in preparation for upcoming tournaments, and solo practices so that the players can improve their own individual skills in the game."

Riding the Esports wave

Lim is one of the industry players riding on the burgeoning esports wave sweeping the nation. The esports value chain comprises teams, game publishers, event management and marketing companies, broadcasting platforms, content creators and many more.

In a recent report by Newzoo, a leading provider of games and esports analytics, the annual revenue from advertising, sponsorship and media rights for the global e-sports market will hit US$1.1 bil (RM4.56 bil) in 2019, with a 26.7% growth rate each year.

Similar growth is seen in Malaysian esports, ranked No 21 in the world's top esports market, with US$586.7 mil in total game revenues and 14 million e-gamers nationwide. While it is often viewed as a male-dominated world, 42% of these active e-gamers are females.

According to Lim, while the esports scene Malaysia is not at par with the US or China yet, the Malaysian tournaments are growing by the day.

"We already have a reputation for producing world-class talents with pioneers such as Chai Yee Fung (Mushi), 28, who was the first to lead an all Malaysian team to a top 3 placing at The International – the world's biggest esports tournament which had a US$2.87 mil prize pool at the time."

Mushi currently ranks as Malaysia's No 3 top earner with winnings of US$1,022,702 from 85 tournaments according to esportsearnings.com. Since then younger Malaysian star athletes have entered the scene such as Zheng Yeik Nai (MidOne), 22, who won US$1,205,374 from 44 tournaments

Esports athletes doing what they do best

OPPORTUNITIES ABOUND

Here are some ideas on how esports can potentially take your business and money further:

Self-hosted tournament: A tournament can easily attract tens of thousands of shoppers to a shopping centre while it's on-going. There is also a potential for massive online exposure as people share photos of them attending the tournament at the mall. However, there are considerable costs and effort involved in this, and since entrance to the tournaments is usually free, the revenue is recouped indirectly such as higher projected sales through increased foot traffic and parking revenue.

To self-host a tournament, one would need to engage an experienced esports event management and production company, create marketing assets, and have a publishing marketing schedule before, during and after the event.

During the tournament, there should be offline shoutcasting (commentary) with an online live stream for greater audience reach. The live audience experience can also be enhanced with side activities such as cosplay parties, influencers meet and greet, selfie booths, merchandise sale and such.

Loyalty programme: Businesses give out discounts based on their rank in a popular game eg, Dota 2, MLBB, etc. The higher their rank, the more discounts they will get.

Investment: Find reputable industry players within the esports supply chain to invest in. From listed companies that are committed to broadcast esports tournaments to legions of fans and manufacturers producing state-of-the-art hardware to support the resource-hungry games, to putting a stake at equity investment in gaming studios and event management companies, you will be spoilt for choice. Just do your due diligence and be prepared to invest for the long haul.

The Geek Fam team emerged as the champion of APAC Predator League 2018

and Yap Jian Wei (xNova), 21, who garnered US$1,160,528 from 25 tournaments. Both are ranked as No 1 and No 2 top earners in Malaysia, and No 54 and No 61 as the world's top earners, respectively.

From hobby to profitable venture

Lim and his business partner Joseph Yeoh's foray into the world of esports began in childhood where their passion for gaming was ignited. Rather than leave gaming behind when they "grew up" to pursue more conventional jobs, they decided to make a career out of it.

"Gaming has been a very positive force in our lives," says Lim. "We strongly believe that esports is worth investing in so we can give back to the community and industry by providing opportunities for the next generation of gamers."

K&K Revolution and Geek Fam was founded in November 2016 with just a single Defence of the Ancients 2 (Dota 2) team. In less than three years, the company has expanded to include three more teams, an esports event organising company (Geek Events) and esports arena (Geek Arena). "Our teams have also consistently been among the top in Malaysia and Southeast Asia for their respective games and won tournaments with prize pools of about US$100,000 each."

The three founders of E-Stars Nation, CJ Chin, YK Voon, Louis Phang, share a similar passion for gaming and combined their expertise in video and multimedia production, event management and marketing to establish the esports marketing and creative media solution company in October last year.

"We recently received funding from our investor, Asteri Media Group, and we are currently working with a few brands on future projects that involve tournaments and reality shows," says Chin.

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The long (but promising) road ahead

However, esports in Malaysia is still in its early days with a long trajectory ahead. For every top player who earns the big bucks, there are many more who struggle to make a living out of it. Even several of the top players are attached to foreign teams as the current growth is not adequate to sustain their careers.

Chin opines that the lack of parental support and acceptance contributed to the attrition rate, as well as curbing the interest in the future generation from pursuing esports as a career.

"We are trying to educate the public about the concept of esports through our upcoming video production project," he says. He adds support from the government

in allocating RM10 mil in Budget 2019 towards the development of esports is definitely a step in the right direction towards fuelling industry growth as well as interest from investors.

Chin views the currently fragmented esports scene to be both an opportunity and a challenge for investors. "This is a good opportunity to invest because the cost of investment is low as it is still in its early days, but the challenge lies in knowing where exactly to invest in because it is fragmented."

Lim concurs, "There is certainly a great return on investment from investing in this rapidly growing industry, but outsiders should be wary of where and how they invest their resources. The scene is still very fresh and the foundations are still being established as we speak."

"We would advise those who are trying to penetrate the esports market to do their research on both the global and Malaysian esports communities at large, and to work closely with specialised esports organisations to figure out worthwhile ways to invest in the industry or even use them as a platform to expand your brands' outreach and engagement."

Still, the opportunities to cash in on the esports wave are rife. A typical regional tournament that takes place in over 10 countries and has a live stream of five days will generate 71 million impressions, 234 million online impressions and 990 million in-game impressions on average. With the millions of followers on the social media channels of popular games, there are also multiple cross-promotional marketing opportunities to explore to entice sponsors.

While sponsorships, broadcasting, advertising and prize money are the principal forms of income for esports, there are now other avenues available for organisations to generate revenue.

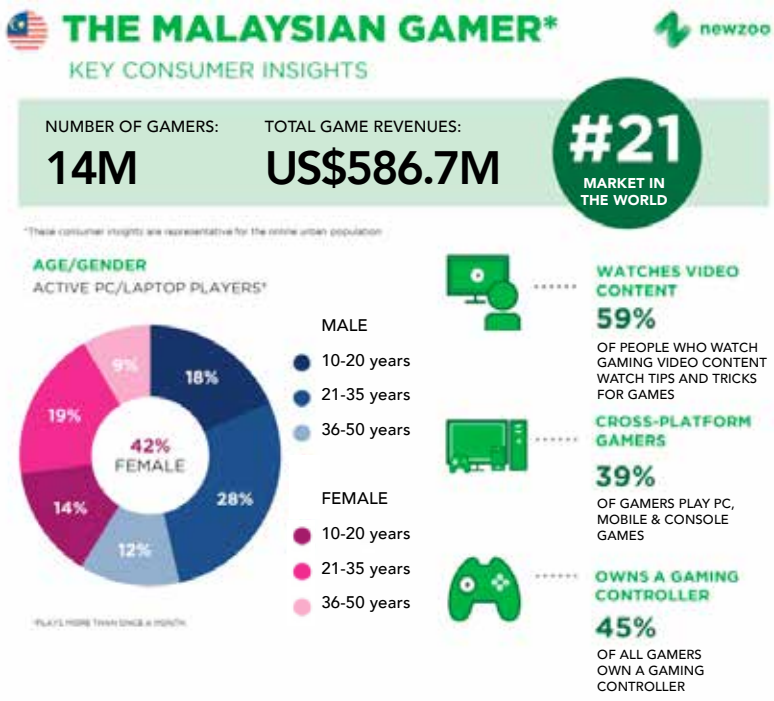
"Streaming and content creation has become one of the biggest revenue streams for gaming recently while merchandising and event organisation have also been established as legitimate sources of revenue," Lim says.

It is not uncommon for his firm to run two to three events simultaneously in a single weekend, citing the PUBG MYSG Championship (the biggest PUBG tournament in Malaysia and Singapore) and a Mobile Legends tournament they organised on the same weekend.

ESPORTS AT A GLANCE

Electronic sports (esports) is professional competitive video gaming where players to compete as teams or individuals for lucrative cash prizes and fame in tournaments watched by a live audience while thousands to millions more watch online.

They combat over popular games such as League of Legends (LOL), Defence of the Ancients 2 (Dota 2), Mobile Legends:Bang Bang (MLBB) and PlayerUnknown Battleground (PUBG).



Source: Newzoo.com/Consumer-insights