

ESPORTS RED CARD 2021

CHINA DIGITAL PERFORMANCE INDEX

CONTENTS

03 Introduction

05 China Digital
Performance Index

06 Methodology

07 Winner Analysis

11 Social Analysis

13 Livestream Analysis

14 Video Analysis

15 Best Practice

17 Movers & Shakers

19 China Opportunity

21 2021 Predictions

22 About Mailman

INTRODUCTION

The esports industry is accelerating faster than traditional sports, with China leading the way. Recent data from a Newzoo report puts China at 530M gamers by the end of 2020, with China's gaming market generating around \$10.3B from just the first six months.

The traditional global sports and entertainment industries endured an extremely challenging 2020 with the majority of events cancelled or suspended, including the Tokyo 2020 Olympics, the sporting world's showpiece event. Compared to their counterparts, esports was agile enough to adapt to the global pandemic. In the West, over 20% of users spent more time gaming and watching livestreams, while at the same time China's esports community gained 26M new users.

Esports was hit hard by COVID-19 impacting tournaments and live audiences, yet it was able to quickly adapt to this new environment to transition a number of their events online. Meanwhile China, having contained the pandemic quicker than most, was able to eventually host international esports events, including the League of Legends World Championships, with live audiences. China has pushed on into a second boom for esports, as well as creating new business opportunities for Western esports organisations ready to enter into the market.

The 'Esports Red Card 2021: China Digital Performance Index' assesses the leading global esports teams and their performance across China's dynamic ecosystem. It is a guide for industry professionals to understand best practice, emerging trends and make key decisions about digital engagement investment.

We hope you enjoy it.



Andrew Collins
Mailman Group CEO



Image credit to Riot Games / TJ Sports

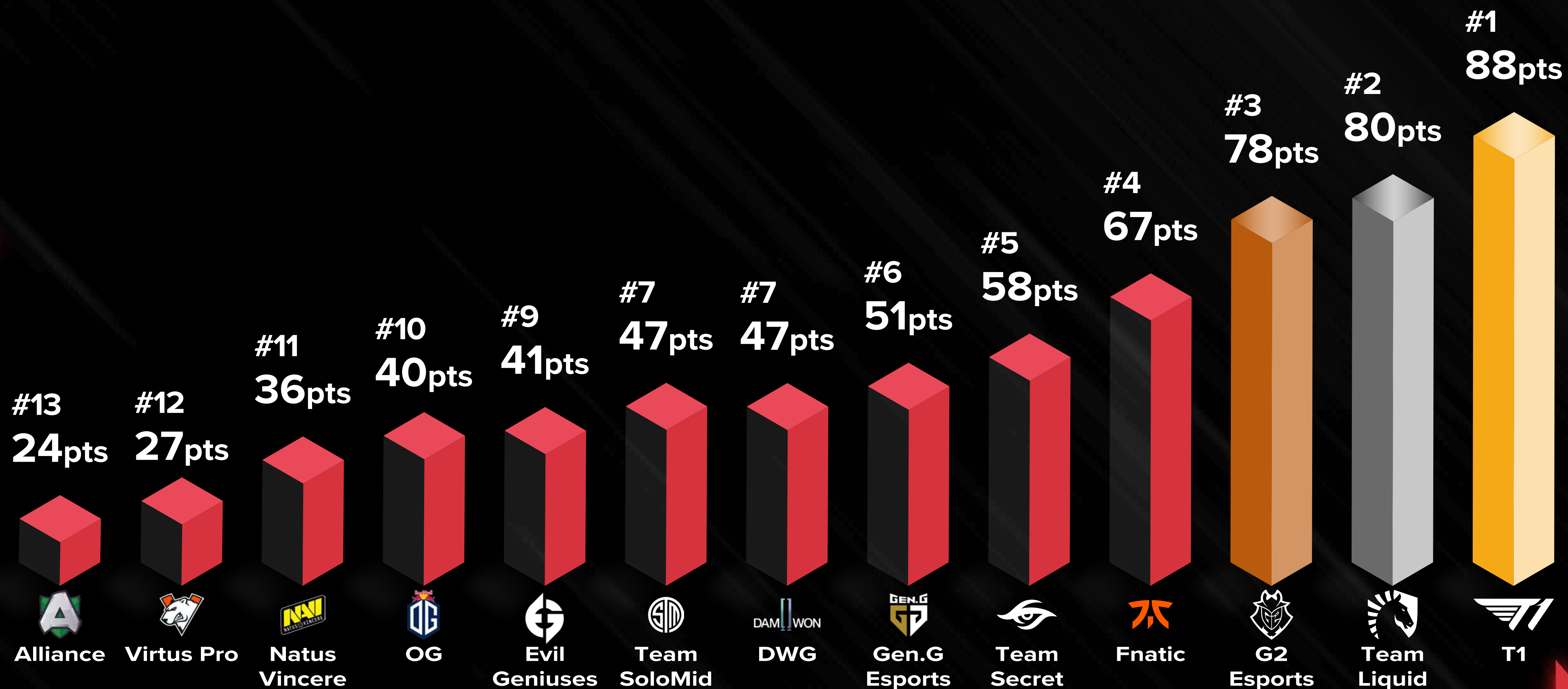


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METHODOLOGY

Each team's popularity was assessed according to nine different metrics including followers, engagement, video presence performance, livestream performance, ecommerce presence, legacy, number of teams, championship success and commercial presence. A full methodology is available upon request. The list of teams was initially compiled according to those that had an official presence on social media in China.

	Followers	Engagement Rate	Video Performance
Scoring definition	Points awarded to each team according to their total number of followers on the Weibo platform	Points awarded to each team according to their engagement rate (engagement / followers) on the Weibo platform	Points awarded to each team according to their number of official video channels on Bilibili and Douyin
	Livestream Performance	Ecommerce Presence	Additional Performance Metrics
	Points awarded to each team according to owning an official channel on Huya and / or Douyu livestreaming platforms	Points awarded to each team according to having launched an official ecommerce channel on either Taobao or Tmall	<ol style="list-style-type: none">1. Games: No. of Teams2. Success in key China tournaments3. Legacy: Time active4. Commercial: Partners activated



WINNER ANALYSIS

#1 T1

The organisation is one of the longest-standing teams but a key reason for their #1 status in China is continued success. Over the past 16 years, T1 has been the only esports team to win three League of Legends World Championships - one of the most popular titles in China.

T1 has also leveraged China's preference for icons, with their star Lee "Faker" Sang-hyeok widely regarded as China's favorite overseas player. This has not only helped to grow their China social following to over 1M - the most followed overseas team, but also attract over 15 commercial partners that were activated on Chinese platforms.

Wu "Dido" Jingjing, CEO of Dido Esports

“I've been a massive fan of T1 and Boxer since I started working in China's esports industry as a StarCraft host back in 2004. Boxer was the esports player who inspired me (and many others) that esports was more than a game. It was T1 that was a catalyst for the sport in China, and helped position esports as a new generation sport.”



WINNER ANALYSIS



#2 Team Liquid

Throughout its 20-year history, Team Liquid has won over \$35M in prize money, the highest-earning team in the world. This has been achieved in games with the highest popularity in China, including Dota 2 and CS:GO.

This diversity has enabled them to extend their popularity into different Chinese sub-communities. The team has also opened an official store on China's ecommerce platform Taobao, where it combines content and commerce to provide fans with a platform to buy their favorite team's products.

WINNER ANALYSIS



#3 G2 Esports

Compared to the other teams, G2 Esports is relatively young having only been established for around six years. It's this youthfulness though that has become one of their major advantages. G2 Esports was born in the age of content, and they have put this at the centre of their China strategy.

They have demonstrated impressive creativity on social content, resulting in over 700K Weibo followers and the strongest engagement rate of any overseas team.



Image credit to Riot Games / TJ Sports



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SOCIAL ANALYSIS

Followers Introduction

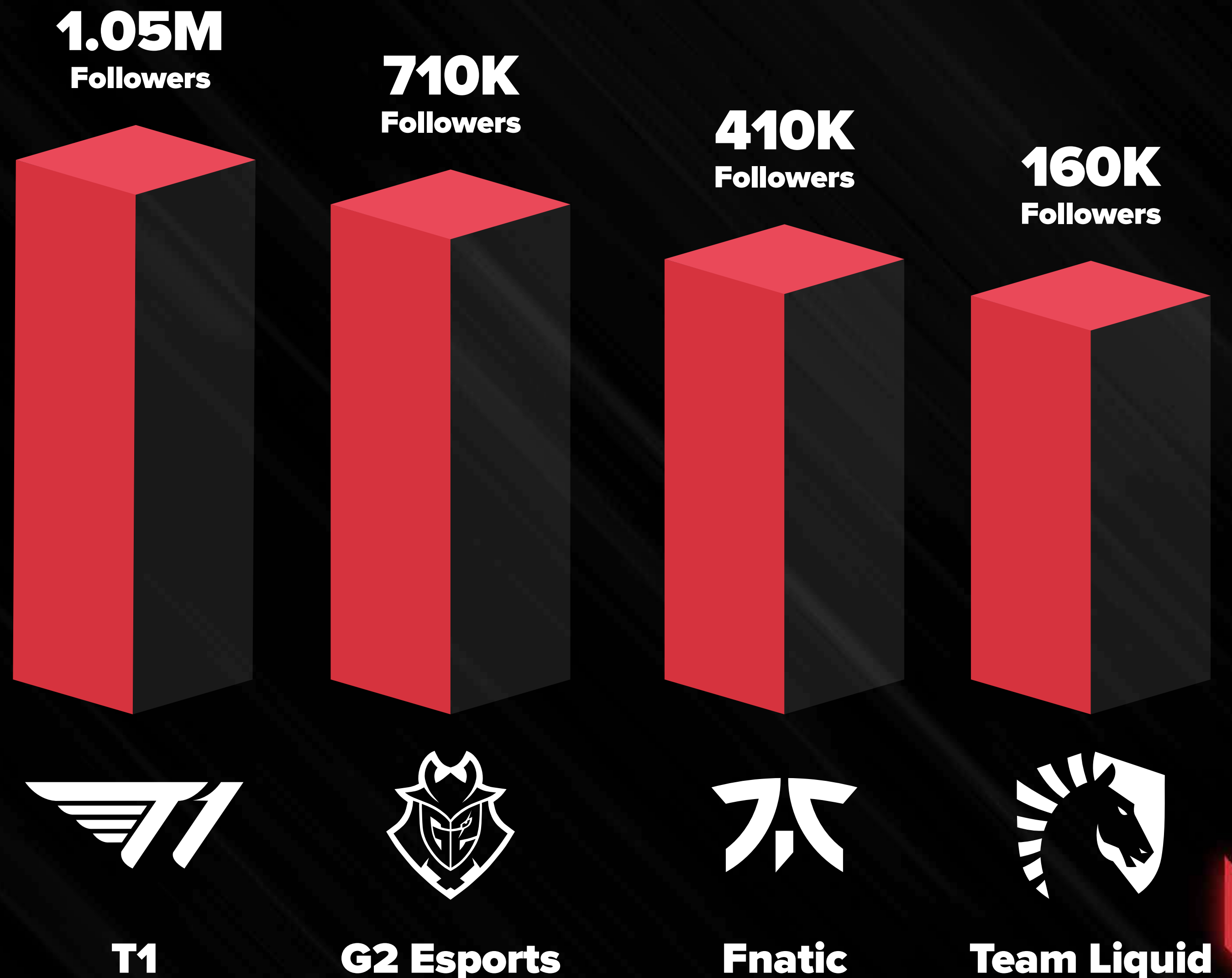
Weibo is the #1 social platform for esports teams in China. It is the most established platform, with the highest number of active esports teams on any digital platform.

Weibo enables overseas esports teams to localise global content with limited investment as the first brand touch point in China. This is a great channel to understand an overseas team's potential audience size, whilst creating local formats to build the community.

Winners Introduction

T1 is the most followed overseas team on Weibo with **5x higher** followers than average - becoming **the only team to surpass the 1 million mark**. This is an impressive milestone reached by the winners of the Esports Red Card 2021 report, with other rivals striving to catch up.

However, when compared to the European football or NBA clubs, the overseas esports teams still have a long way to go. The average Weibo following for a European football club is over 1 million - **over 5x higher** than overseas esports teams.



SOCIAL ANALYSIS

Engagement Introduction

Beyond an overseas team's total audience size as illustrated by their Weibo following, it's important to analyse and reward each team for its ability to engage this community. This performance metric helps to understand better which teams have gone beyond purely localising global content and instead developed a local content strategy for their audiences.

The Chinese community is unique in many ways, and those teams that show respect and understand their preferences have achieved great success.

Winners Introduction

G2 Esports has **the highest Weibo engagement rate** (engagement / followers) due to their unique China content approach. They have successfully understood what drives a Chinese fan online and developed new content series, including Chinese language memes, 'bullet style' videos and trash talking with other teams to reach the #1 status.

DWG was #2 in the engagement rate ranking, yet this was significantly driven by a lower Weibo following with less than 50K followers.

16
Engagement Rate



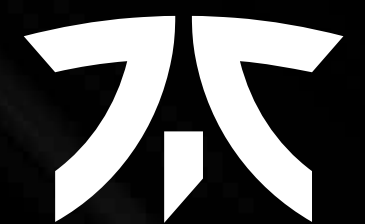
G2 Esports

15
Engagement Rate



DWG

11
Engagement Rate



Fnatic



LIVESTREAM ANALYSIS

Livestream Introduction

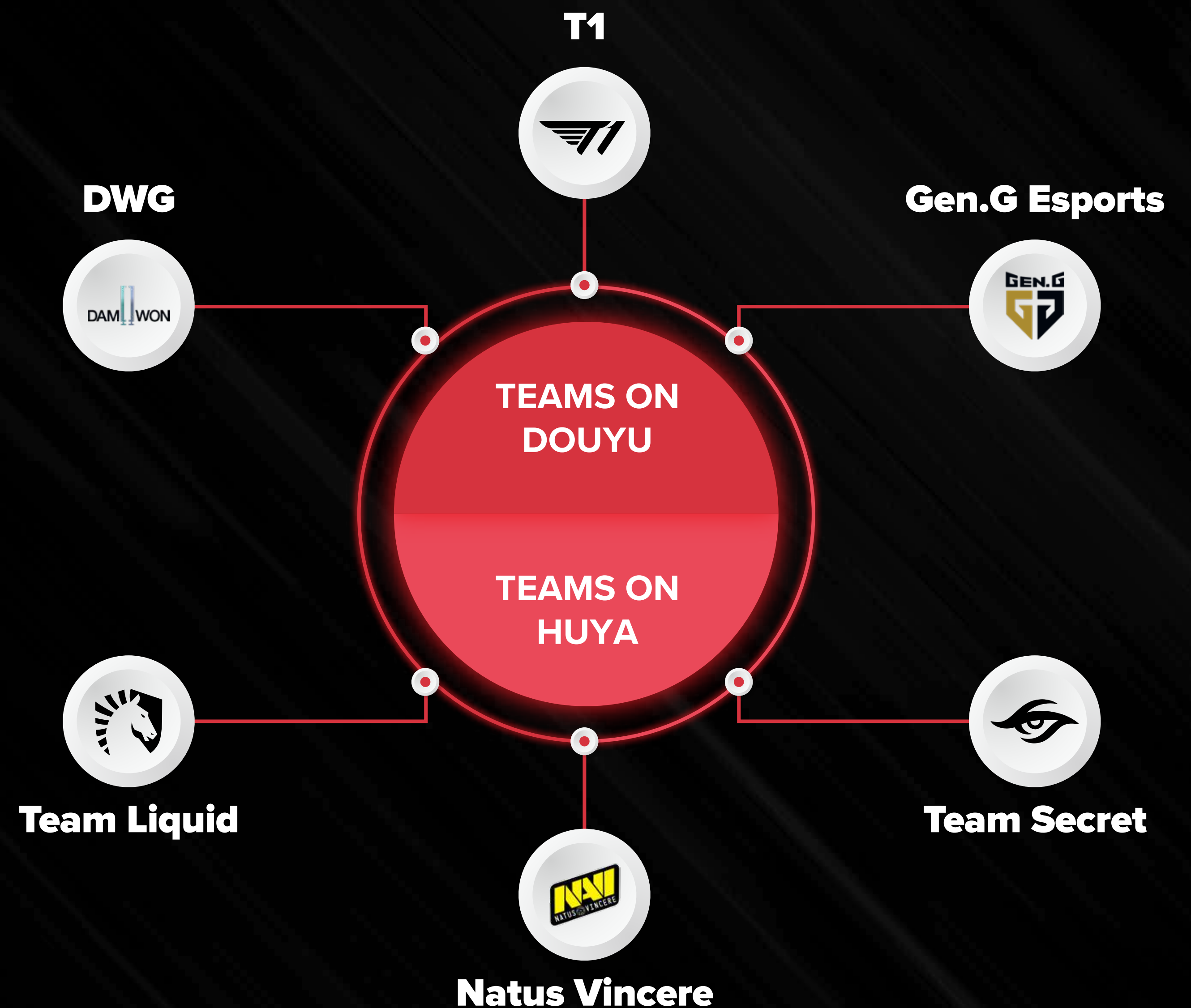
The livestream experience is key to building your online community in China, especially with Twitch blocked. This provides overseas teams with a direct connection to the gaming audiences, and new opportunities to interact with them on a much more personal level than compared to social and video platforms.

Yet so far only six teams have established their official channels, leaving their passionate fan base without their favourite content and leaving potential revenue on the table.

Livestream Landscape

Since 2014, there has been a battle to become the dominant Chinese livestream platform. With millions of dollars invested into content acquisition, production and talent, hundreds of live streaming companies have failed in China, including the renowned Panda TV and Chushou. Yet in October 2020, Douyu and Huya finally agreed in principle to a merger with Tencent taking a controlling interest in the new platform.

This proposed merger makes strategic sense for Tencent as a way to protect its leading position in China's gaming industry, as well as take further control in the full supply chain across development, publishing, distribution and hosting tournaments.



Cheng Chao, COO of Douyu Live Stream Platform

“Overseas teams have high popularity on the international stage but also in China. There are a number of opportunities awaiting them, including video and livestream. We hope to cooperate with more of the overseas teams in the Esports Red Card rankings to bring a high-quality experience for the Chinese fans.”

VIDEO ANALYSIS

Video Introduction

Whilst livestream platforms provide significant reach, engagement and revenue opportunities within China, there is still an opportunity to drive viral viewership to tailored audiences through video platforms. Bilibili and Douyin are the two leading video players for China's gaming community, with around 800M monthly active users in total.

Yet similar to the livestream platforms, just over half of the overseas esports teams have launched an official presence on these video platforms showing a missed opportunity to connect with the right audiences in the right places.

Video Landscape

Compared to traditional sports, overseas esports teams are a long way behind in their Douyin performance. All 30 NBA teams are now active on the platform whilst European football clubs consistently surpass 1 million engagement on a monthly basis - **not one overseas esports team** has managed this yet.

On Bilibili, six overseas esports teams have recognised the strength of this platform and the youth audiences that are consuming Anime, Cartoon and Gaming content, yet still need to produce more local content to correctly engage.

6 teams on Douyin



13 teams on Weibo

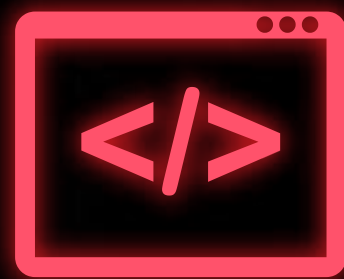


6 teams on Bilibili



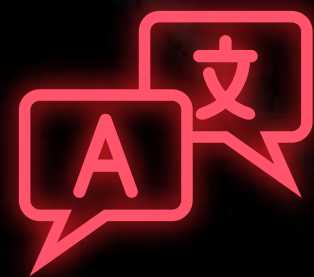
BEST PRACTICE

From the six overseas teams that have launched official livestream channels, we have observed several areas of best practice:



1. Exclusive programming

It's important to provide original livestream content for a Chinese audience and in the right time zone.



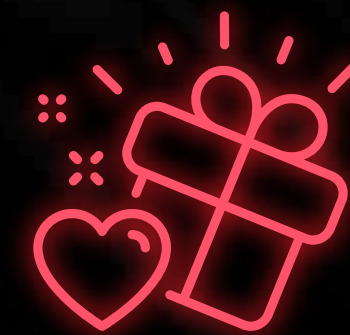
2. Chinese language

Whilst the streamer will unlikely speak Chinese, each livestream will need a translator to help explain the live experience.



3. Fan interaction

Creating unique moments of interaction with the Chinese fans, for example answering their questions and thanking them for tuning in.



4. Virtual gifts

These in China are an established part of the viewing experience with Chinese fans willing to share on a daily basis.

For overseas esports teams, there are a number of tricks to success on Bilibili and Douyin:

#1

Raw over professional - don't worry about highly professional video formats, instead focus on being authentic.

#3

Develop your own stars to feature in the content, slowly building your own Chinese influencers.

#2

Leverage sarcasm and irony to produce humorous content for the Chinese fans in bitesize formats.

#4

Follow the current "memes" from the Chinese community, integrating these into your video content.



Image credit to Riot Games / Liu Yicun



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MOVERS AND SHAKERS

#1

**Evil Geniuses
Become
Social Pioneers**



EG became the first overseas team to develop a multi-channel network on Weibo with the launch of a CS:GO account. This approach allowed EG to deliver precise marketing across different target audiences. Their popularity in China has grown thanks to their performances in Dota 2, having convincingly defeated four Chinese teams: CDEC, LGD Gaming, Vici Gaming, and EHOME, to win The International 2015.



#2

**Team Fnatic
Falls into
a Bad Smile**



As one of the first overseas esports organisations to enter the China market, Fnatic quickly established a passionate community across League of Legends, CS:GO, and Dota 2. However, Fnatic received backlash for appearing in the Chinese TV drama “Falling into Your Smile”. The TV drama had been widely criticised due to a lack of respect towards the esports community and the overarching romantic storylines, resulting in Fnatic issuing an apology.



MOVERS AND SHAKERS

#3 G2 Esports Strikes the Right Tone



G2 Esports has successfully positioned themselves as the market leader in content. Their video content is distributed across Douyin, Weibo and Bilibili with irony and sarcasm playing to the unique requirements of the Chinese esports audience.



#4 DWG Can't Win Popularity



South Korean team Damwon Gaming crushed China's dream of three World Championships by taking home the Summoner's Cup this year. This victory however could only increase DWG to #7 in the Esports Red Card rankings. The team was unable to leverage the Championship online with one of the lowest engagement rates of all the teams across social channels.



Eric Feng, Head of New Projects at TJ Sports

“The China market is one of the most important for overseas teams. We're glad to see several positive activations between Chinese fans and overseas team players already, including Caps, Rekkles, Faker and Doublelift. Overseas teams need to first listen to this community, and then build a thorough understanding of the culture.”



CHINA OPPORTUNITY

China's esports industry is reminiscent of the traditional sports industry several years ago, when overseas sports rushed to the market to grow brand and drive revenue. China now has the world's largest esports and gaming community which is growing every year. This market is big enough to welcome new overseas organisations who are agile yet respectful to this unique ecosystem.



1. Brand Building

With every new market, the first focus should be on building a brand and engaging the community. Many esports teams have been surprised to see the passionate fan base that awaits them in China. By establishing official channels on the key esports platforms including Douyin, Weibo and Bilibili, overseas teams can now connect with these fans directly.



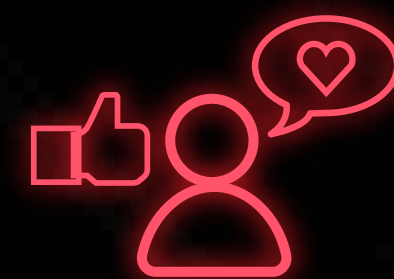
3. Content Monetisation

A team's global live stream distribution is typically tied up with Twitch or another platform, but China is open to new license deals. The merger between Huya and DouYu has decreased competition in rights acquisition, but there is still demand from the platforms for premium livestream content that includes fan interaction and local commentary.



2. Partner Activation

Many global brands identify China as their key market. Through developing a digital presence, esports teams can provide a platform for their partners to activate with a unique Chinese concept. This can be used to drive awareness and celebrate the partnership, or convert to partners' owned channels and stores.



4. Social Commerce

In the last 12 months, content and commerce have become closely entwined with brands successfully driving fan purchases through video and livestream content, especially on Douyin. With minimal costs and a smooth user experience, esports brands have already leveraged this to sell limited edition products directly to their fans.

John Yao, CEO of Team Secret

“China is in many ways more advanced than other regions when it comes to esports, both in terms of the ecosystem supporting esports, as well as the fan community and cultural embrace of esports. International teams need to think far more creatively on how to engage the Chinese audience in an authentic way to build a fanbase and brand recognition here.”



Image credit to Riot Games / TJ Sports



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2021 PREDICTIONS

TREND 1 COVID-19 IMPACT



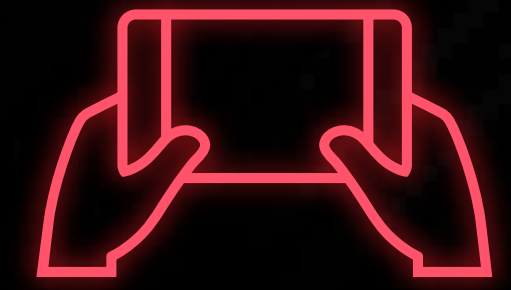
Esports was able to move online with very few complications in 2020. Yet playing online depends heavily on the internet capacity at each team base which now adds an unknown to competition. Meanwhile the lack of live stadium events could potentially lead to a surge in match-fixing issues, a disaster for the future. From a positive outlook, COVID-19 accelerated the integration of new technology with Riot Games using Extended Reality (XR) during the World Championships. From a commercial standpoint, organisations have developed new ways to integrate brands without ruining the experience. This has now created one of the most exciting new commercial rights opportunities, an area that we expect to see further innovation and monetisation.

TREND 2 GOVERNMENT SUPPORT



In China, no business can survive without government support. China was one of the first countries to recognize esports as an official sport. and this was more recently publicly backed by the Beijing, Shanghai, Chengdu, Guangzhou, Nanjing, and Wuhan local governments. In September, Shanghai took a major risk to host the League of Legends World Championships, an effort that both the local government and Riot Games should be congratulated for. It is expected that the government will continue to back the sport as a sign of national pride, especially with esports being included in the 2022 Asian Games in Hangzhou.

TREND 3 MOBILE ESPORTS



China currently accounts for around 50% of global mobile gaming revenues. Tencent were quick to recognise this data point and developed two games - Honor of Kings and Peacekeeper Elite (PUBG MOBILE) - to dominate this area. Both titles now have their own domestic franchise leagues with over \$6.4M in prize money this year. Meanwhile as of September 2020, around 95% of gaming licenses were for mobile games. With China's 5G technology development and the penetration of Chinese smartphones, such as Huawei, Xiaomi, and Vivo, mobile esports will become one of the best marketing tools for brands and an ideal testing ground for 5G.

Chenfan Wang, VP of VSPN, General Manager of VSPN Global on future trends

- “1. Commercialisation and sponsorship diversification and maturity
2. Increased casual matches to bring together the entertainment and professional worlds
3. Traditional sports will gradually shift closer towards esports. Clubs will establish esports teams or departments, and traditional sports sponsors will continue to shift towards esports content.”



ABOUT MAILMAN

WE HELP GLOBAL RIGHTS HOLDERS BUILD MEDIA COMPANIES.

Mailman is a global esports digital agency & consultancy. We help esports developers, publishers, leagues and teams make sense of this rapidly changing world. Through digital strategy, planning and game winning execution we build sustainable media businesses with global audiences.

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