

Global Ad Trends

# Ad opportunities in gaming

SAMPLE VERSION

**WARC**<sup>^</sup>  
DATA



07/20

[Ad opportunities in gaming](#)

*Audience profiles, market sizing, ad performance and future opportunities across a number of disciplines*

[Media owner profiles](#)

*Shopee, Twitter, Snapchat, The Guardian and Netflix*

[Latest market intel](#)

*Charts and datasets relating to consumer sentiment, media consumption habits and the business impact of COVID-19*

# Takeaways

**1. Mobile gaming offers a rich opportunity to capture a broad spectrum of users who might not even think of themselves as gamers.** Mobile gamers are casual players and skew older than average; 'gamer mums' are influential in purchasing decisions and brand recommendation.

**2. Mobile gamers understand the value exchange of advertising.** Most are fine with viewing advertising if it keeps the game free-to-play. Ads in mobile games have no discernible impact on churn, and are far more effective than banner advertising when inserted programmatically.

**3. Streaming is, for younger audiences especially, the 'new prime time'.** Twitch alone draws 1.9m – predominantly Gen Z – viewers per day, mostly after 7pm. Two-thirds of 18–25 year-old gamers would rather play video games or watch gaming content than watch TV.

**4. COVID-19-induced lockdowns resulted in a spike in streaming consumption, particularly on Twitch.** Within e-sports, however, original audiences consolidated while new viewers proved hard to woo, this despite more content being broadcast in lieu of a traditional sporting calendar.

**5. e-sports is becoming established in Asia, with a second-gen evolution into female-led, mobile competition presenting new partnership opportunities.** Brand investment is expected to reach \$844m globally this year despite great economic turbulence. Media rights will also be core to future revenue gains, and a flurry of merger and acquisition activity is expected in the near term.

# 3.4bn

Gamers worldwide

# 4:36

Average gameplay session (h:mm)

# 3.7

Ads per mobile gaming session

# 35%

Mobile-only gamers

# \$844m

Brand investment in e-sports (2020)



## Mobile gaming

Generally free-to-play (F2P) games, which are ad supported but also generate publisher revenue from in-app purchases (IAP) or e-commerce elements.

Ad formats include videos, banner and native ads. Reward-based videos, whereby a player receives an in-game reward for watching a video ad, is popular and effective within the genre.



## Streamers

Can be regarded as a form of influencer, they broadcast live or on-demand gaming content through platforms such as Twitch, YouTube and Facebook Gaming. Top streamers amass followers in the tens of millions.

Advertising opportunities here encompass pre/mid/post roll video as well as sponsorships and host-read ads.

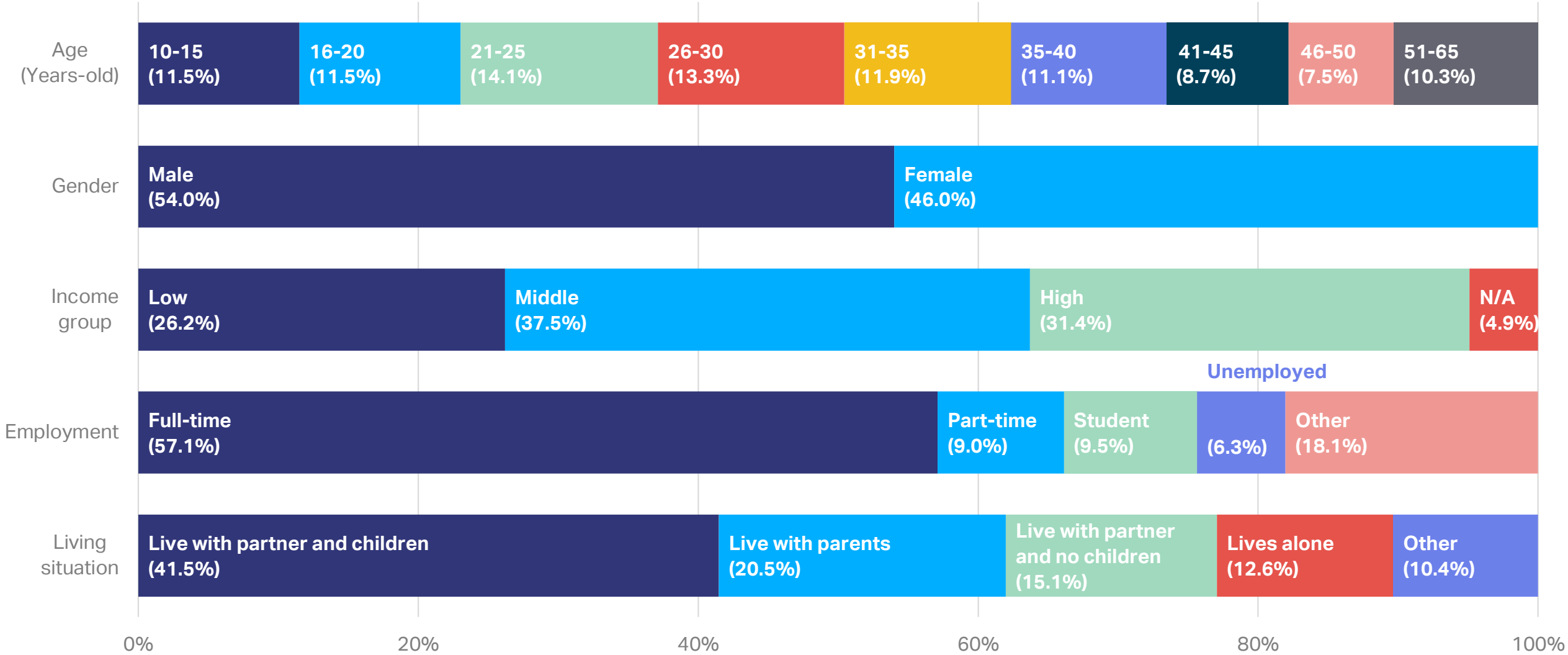


## e-sports

Competitive gaming which draws mass live and VoD audiences. Games are traditionally PC- and console-based but there is a new, growing market for mobile e-sports, particularly in Asia.

Brands can partner with teams or individual players through sponsorship deals in much the same way as conventional sport.

# Global gamer demographics, % of all gamers



**Note:** Based on consumer research across 30 markets, anyone who has played video games on PC, console or mobile in last six months.

**SOURCE:** Newzoo

## Mobile: the non-gamer's gaming

Mobile gamers are casual players and skew older than average; 'gamer mums' are influential in purchasing decisions and brand recommendation.

Mobile gamers understand the value exchange of advertising. Most are fine with viewing advertising if it keeps the game free-to-play. Ads in mobile games have no discernible impact on churn, and are far more effective than banner advertising when inserted programmatically.



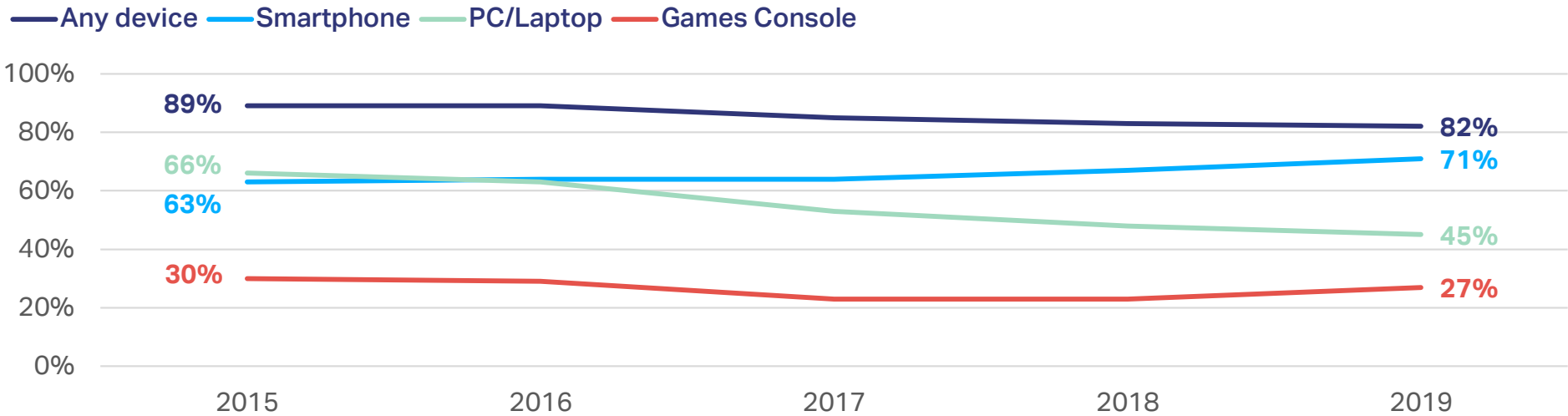
Mobiles are the most popular gaming devices in history

2.9bn people play games on their smartphone, equivalent to seven in ten (71%) internet users. This is up from 63% in 2015 – an absolute increase of one billion worldwide.

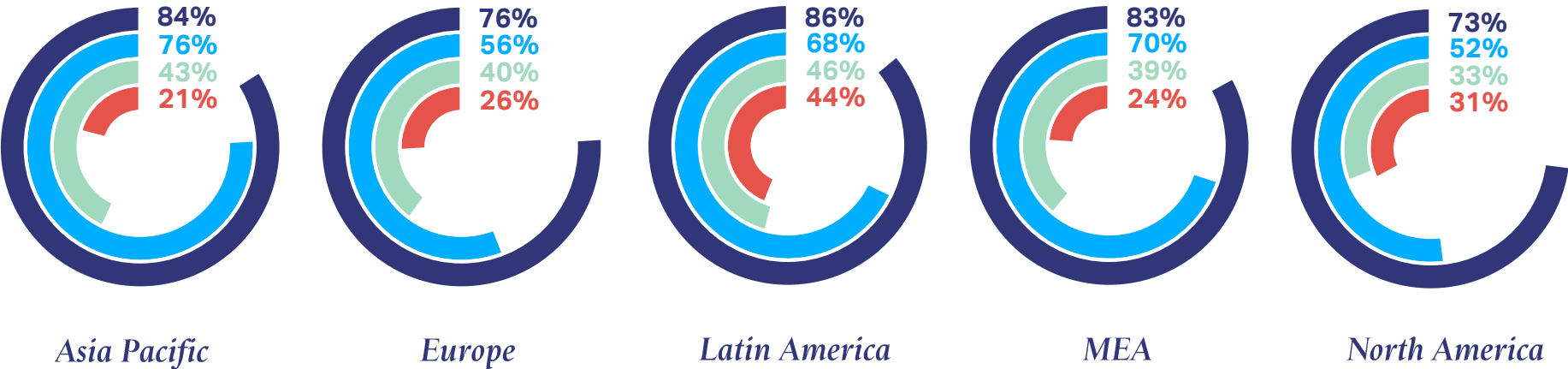
In total, 3.4bn people play games on any device, a rise of 662m since 2015. Yet the proportion of internet users gaming has actually fallen during this period, to 82%.

While the fall mirrors wider device trends over recent years, it is also a reflection of the rise in the consumption of gaming content, with would-be gamers now watching others rather than playing themselves (see page 15).

*Global, Devices used for gaming, % of internet users*



*2019*



**Note:** Based on survey of internet users aged 16-64 across 46 different markets. Q: Which of the following do you use to play games?  
**SOURCE:** GlobalWebIndex

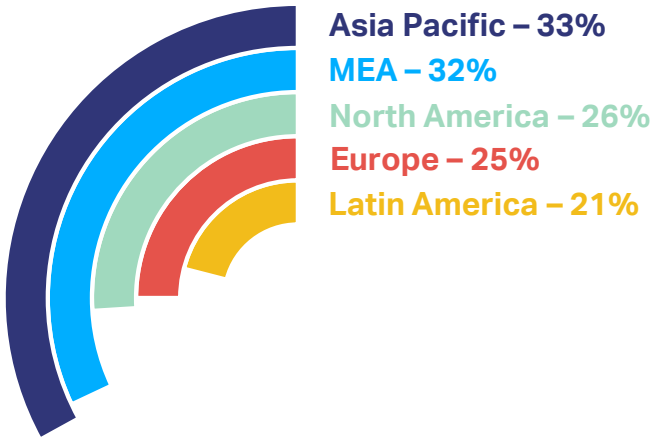
One in three gamers is mobile-only

A full 29% of internet users (and 35% of gamers – 1.2bn) are mobile-only, rising to one in three in Asia Pacific and the Middle East and Africa. Israel (46%), Singapore (44%) and Thailand (42%) record the highest domestic rates.

This cohort skews older than the average gamer, and is comprised mostly of females (55% vs. 46% for all gamers).

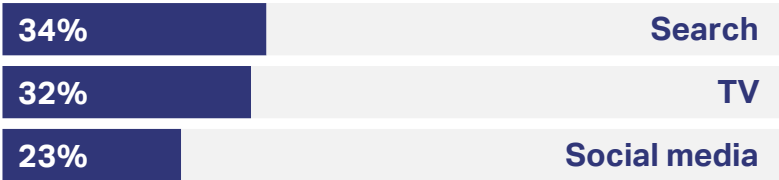
They are more casual gamers – playing during idle time (on the commute, for example) – and do not engage with typical gaming culture; only one in five (13%) visits Twitch, for example. Instead, mobile-only gamers typically spend 35 minutes longer watching linear TV than other gamers.

Global, Mobile-only gamers profile

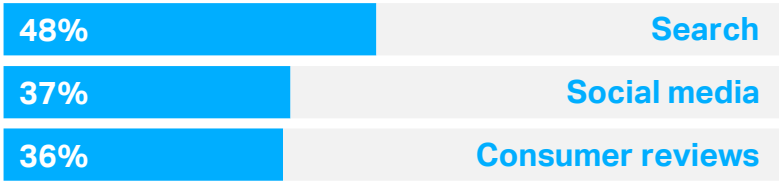


**Note:** Based on survey of internet users aged 16-64 across 46 different markets.  
**SOURCE:** GlobalWebIndex

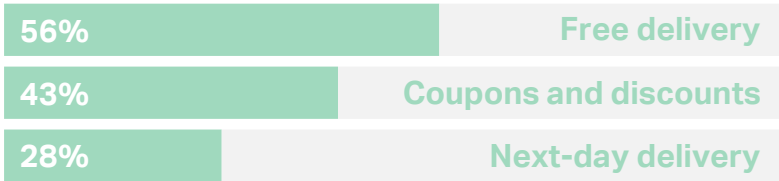
Brand discovery



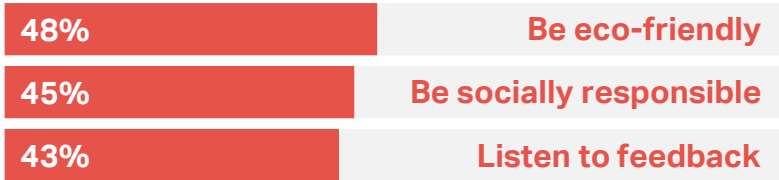
Sources for product research



Online purchase motivators



Brand expectations



## Streaming killed the TV star?

Streaming is, for younger audiences especially, the 'new prime time'. Twitch alone draws 1.9m – predominantly Gen Z – viewers per day, mostly after 7pm. Two-thirds of 18–25 year-old gamers would rather play video games or watch gaming content than watch TV.



## Twitch topped one billion hours during COVID-19 lockdown

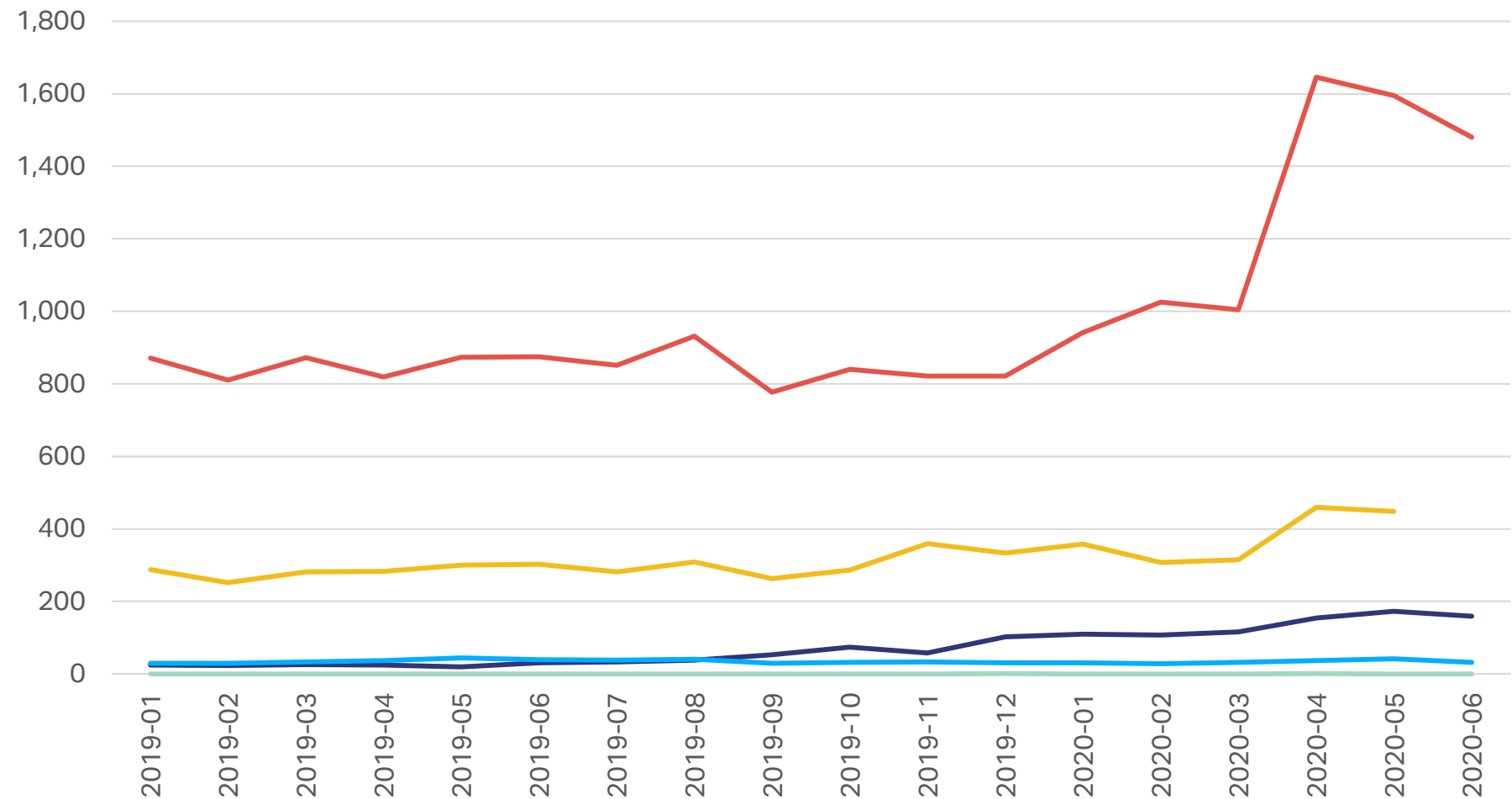
Amazon-owned Twitch is the dominant platform, averaging 846.9m hours of gaming content viewed per month in 2019. This is more than double all other major platforms combined.

The COVID-19 lockdown drove Twitch consumption to new highs, and while most of the surge has been retained, total hours are now trending downwards as lockdown conditions ease.

Tencent is looking to disrupt the landscape with the launch of Trovo – an analogous platform to Twitch – in the US this year. The move comes as Microsoft's Mixer closed in July 2020 due to poor uptake.

## *Global, Cumulative hours of gaming content watched per month, Millions*

Facebook Gaming Mixer Smashcast Twitch YouTube Gaming



**Note:** No YouTube data for June due to a change in algorithm.

**SOURCE:** Arsenal.gg

## Asia leads on e-sports

e-sports is becoming established in Asia, with a second-gen evolution into female-led, mobile competition presenting new partnership opportunities. Brand investment is expected to reach \$844m globally this year despite economic turbulence.

Western markets are lagging and new audiences proved hard to woo during lockdown. Media rights will be core to future revenue gains, and a great deal of merger and acquisition activity is expected as investors vie for control.

Existing audiences consolidated during COVID-19 lockdown

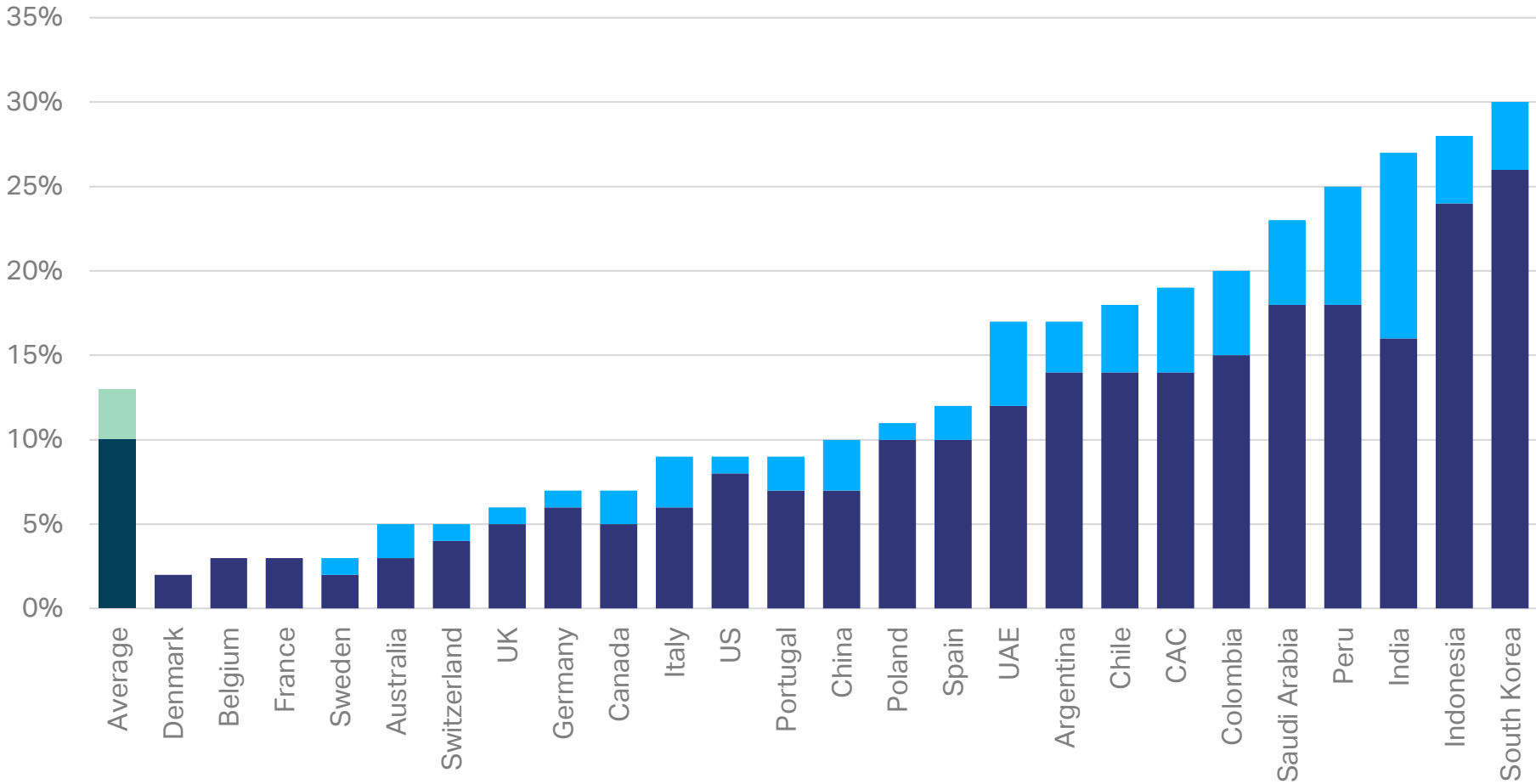
Just 3% of adults said they started watching e-sports during April, when many markets were at the height of the COVID-19 outbreak. Instead, existing viewers were consuming more – this was true of one in ten on average.

Newzoo finds that only 45% of all e-sports viewers can be regarded as enthusiasts (those who watch frequently and interact with content), while the majority (55%) are occasional viewers.

Almost three in five (58%) enthusiasts are located in Asia, per Newzoo, while South Korea, India and Indonesia recorded the highest uptick in consumption rates in April.

Key markets, e-sports viewing in April 2020, % of consumers aged 18+

Watching more Just started



**Note:** Based on survey (n=845 per market, on average) representative of populations aged 18+, April 2020. CAC is Central America and Caribbean.  
**SOURCE:** McKinsey & Company

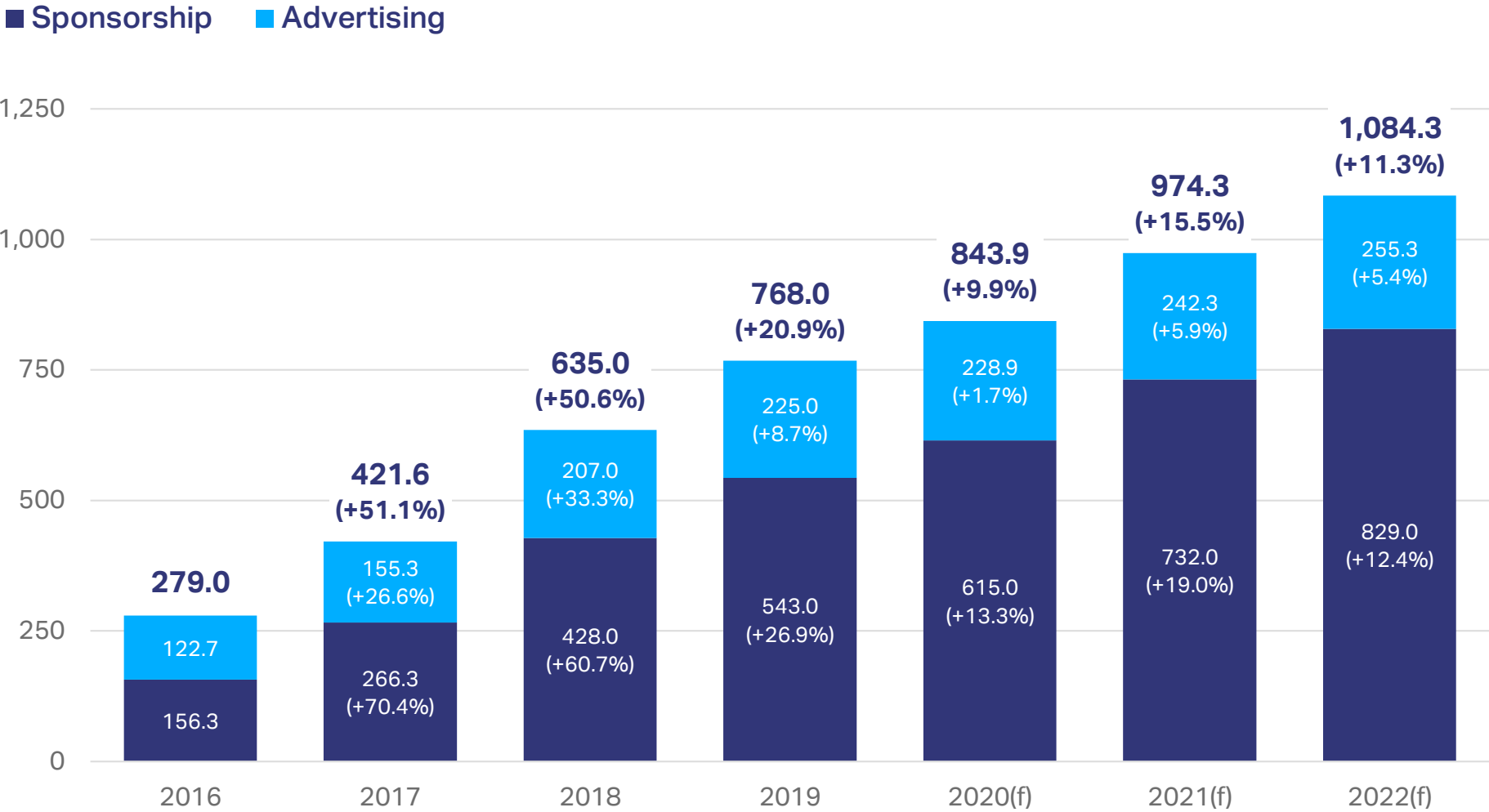
The e-sports ad market is recording perpetual growth

Brand investment is expected to rise in spite of economic turbulence this year, with the vast majority (62.8% in 2020) of money directed towards sponsorships. Over half of investment is made in Asia.

Advertisers looking to work in this space should ensure brand integration feels organic and authentic, and that any messaging does not interfere with gameplay.

Sponsorships can be rewarding, as successful execution can ultimately turn gamers into brand advocates. But brands must also understand individual games and the lexicon around them.

Global, Brand investment in e-sports, US\$ millions



**Note:** Advertising is predominantly spot during breaks in live broadcast.  
**SOURCE:** Newzoo, WARC Data



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# Media Profiles

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# Global outlook

## Ad investment set to fall by 8.1% - \$50bn - this year

**-8.1%**Growth  
forecast  
2020**\$563bn**Spend  
forecast  
2020**+4.9%**Growth  
forecast  
2021**-3.5%**US growth  
forecast  
2020**-8.6%**China growth  
forecast  
2020

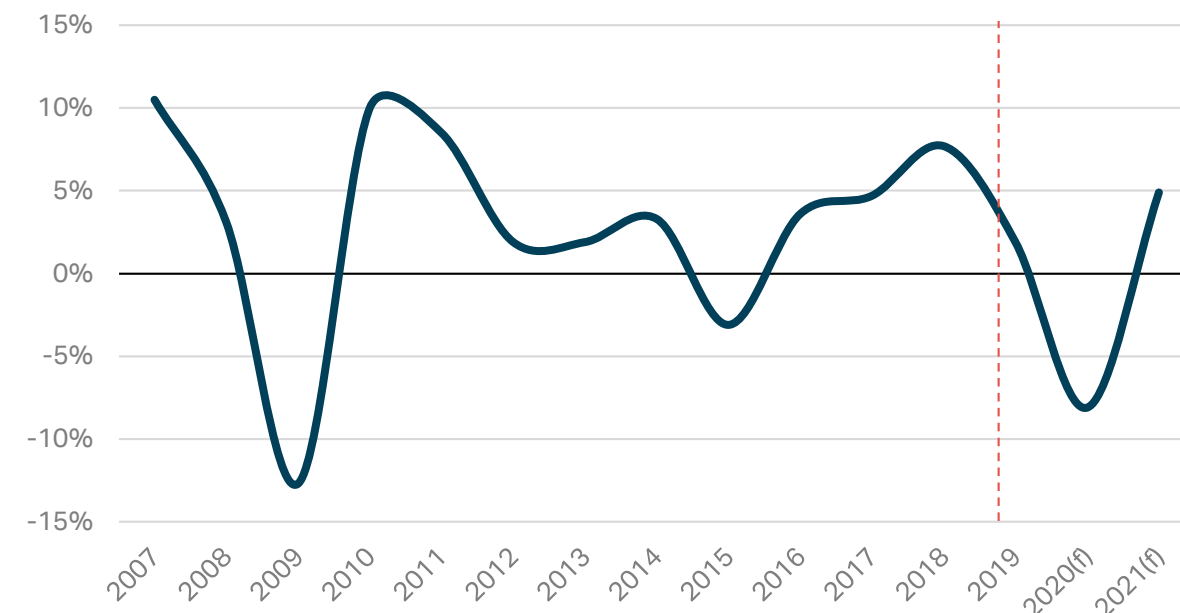
WARC forecasts in May [project global advertising spend](#) to fall by 8.1% to \$563bn this year. This is a decline of \$50bn from 2019's level but an absolute downgrade of \$96bn when compared to WARC's previous forecast of 7.1% growth made in February.

The sectors most badly affected by COVID-19 are also those cutting adspend the most this year. Travel & tourism will fall by almost a third (31.2%), with leisure & entertainment (-28.7%) and financial services (-18.2%) also markedly down.

Traditional advertising formats are expected to see steep cuts, declining 16.3% this year, with TV down 13.8% and OOH by 21.7%. Social media (+9.8%) is likely to be the strongest performer.

Among key markets, India and the US are expected to perform best while Brazil, Italy and South Africa will see the biggest falls in spend.

### Adspend, Year-on-year % change, Current prices



**Note:** WARC uses variable exchange rates across all markets and periods. Chart is % change in US\$ global advertising spend.

**SOURCE:** WARC Data, Adspend Database



# Shopee

## Number of orders double for third quarter running

**430m**Orders  
Q1 2020**111.2%**Orders  
growth  
Q1 2020**43%**Indonesia's  
share of  
total orders**\$6.2bn**GMV  
Q1 2020**\$314m**E-commerce  
revenue  
Q1 2020

The number of orders placed on e-commerce platform Shopee more than doubled to reach 430m in Q1 2020, with an increase of 111.2% representing the third consecutive quarter of triple-digit growth. The company also reports that orders grew by over 140% in April 2020.

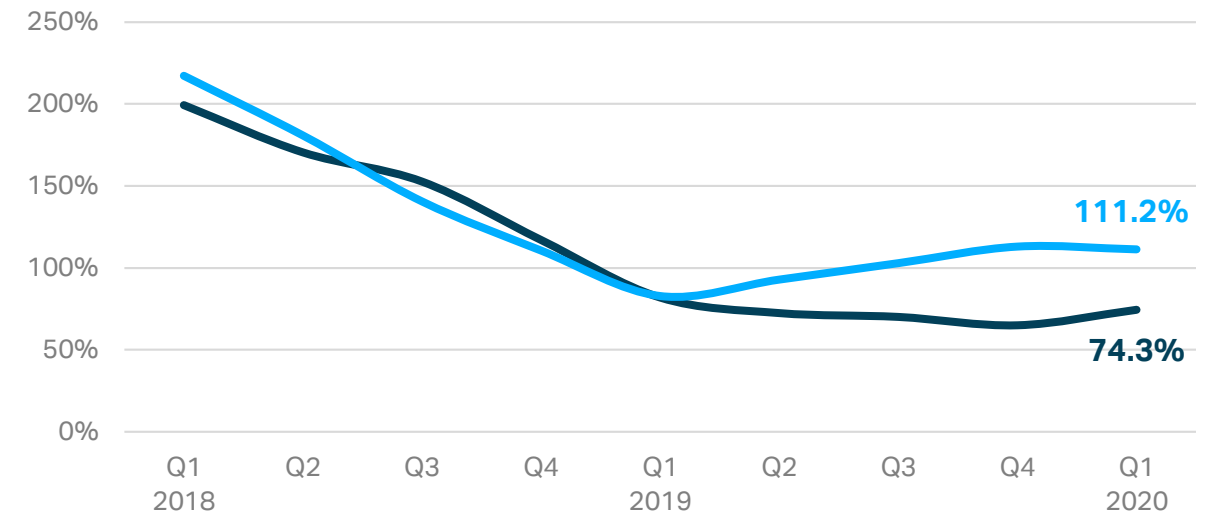
Gross Merchandise Volume (GMV), the value of platform sales, saw growth quicken from 64.8% to 74.3% in Q1 2020, reaching US\$6.2bn.

Quicker growth in orders than GMV suggests consumers have shifted to buying lower-priced items more often.

Shopee also reports that over 40% of Indonesian orders in April were paid using its parent company's mobile wallet service, SeaMoney.

### Performance, Year-on-year % change

— GMV — Orders



**Note:** Gross Merchandise Volume (GMV) is value of orders, includes shipping and other charges. Orders can include multiple items and returns.

**SOURCE:** Sea

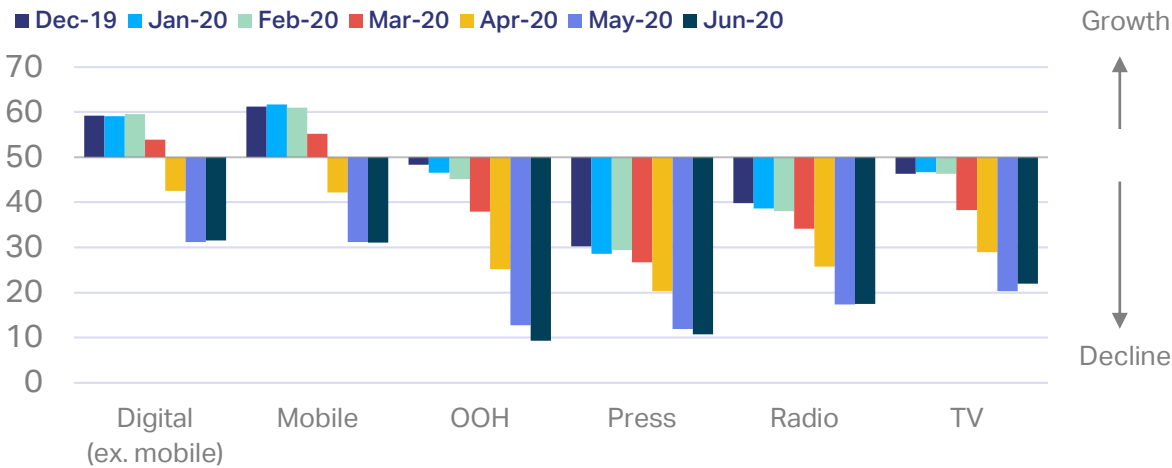
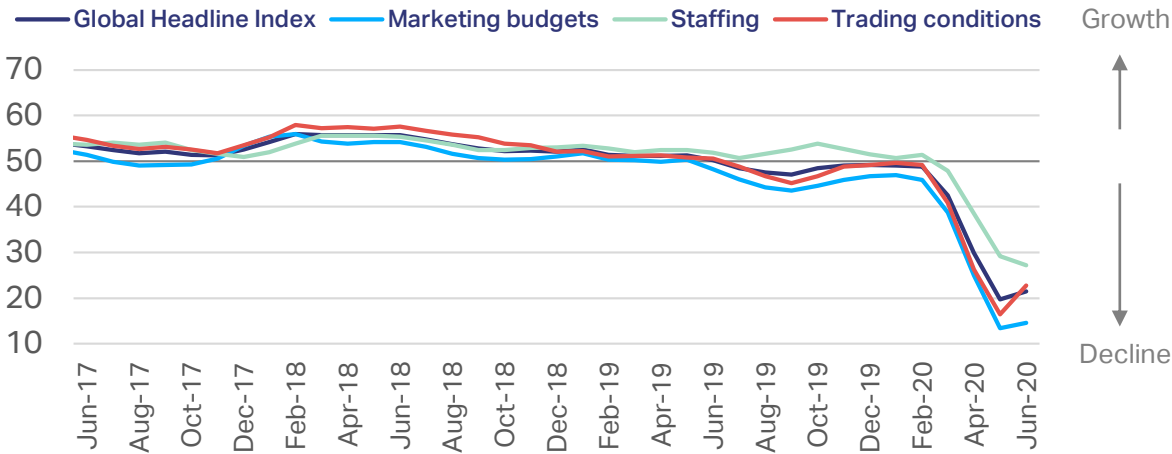
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# Latest Market Intel

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# Global



**Note:** Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.  
**SOURCE:** WARC Data, [Global Marketing Index](#)

Four in five want brands to act in support of Black Lives Matter  
[read more](#)

Global audio advertising spend to fall below \$30bn this year  
[read more](#)

DTC brands struggled to attract new online shoppers during COVID-19  
[read more](#)

Roku and Amazon account for two-thirds of connected TV viewing  
[read more](#)

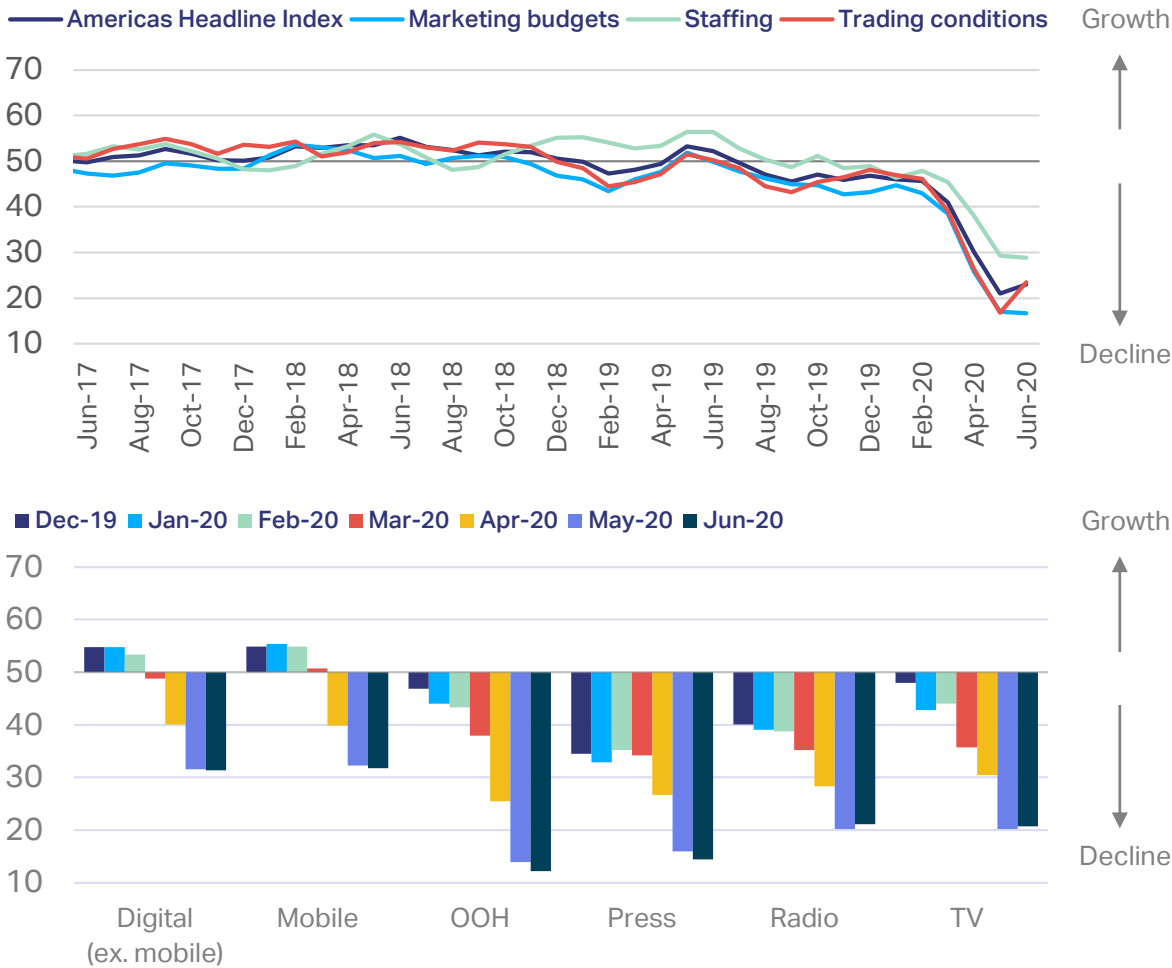
Facebook hate speech tops at least 10 million pieces of content  
[read more](#)

Half of shopping apps run retargeting campaigns  
[read more](#)

Half of online shoppers get product inspiration from Amazon  
[read more](#)

Instagram Stories becoming shorter and less popular  
[read more](#)

# Americas



**Note:** Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.  
**SOURCE:** WARC Data, [Global Marketing Index](#)

US online grocery sales up 80% since March  
[read more](#)

#StopHateforProfit hitting 1% of Facebook's income  
[read more](#)

Facebook video grows 49% in Latin America but brands struggle to attract viewers  
[read more](#)

81% of Brazilians want future products to enhance their health and wellbeing  
[read more](#)

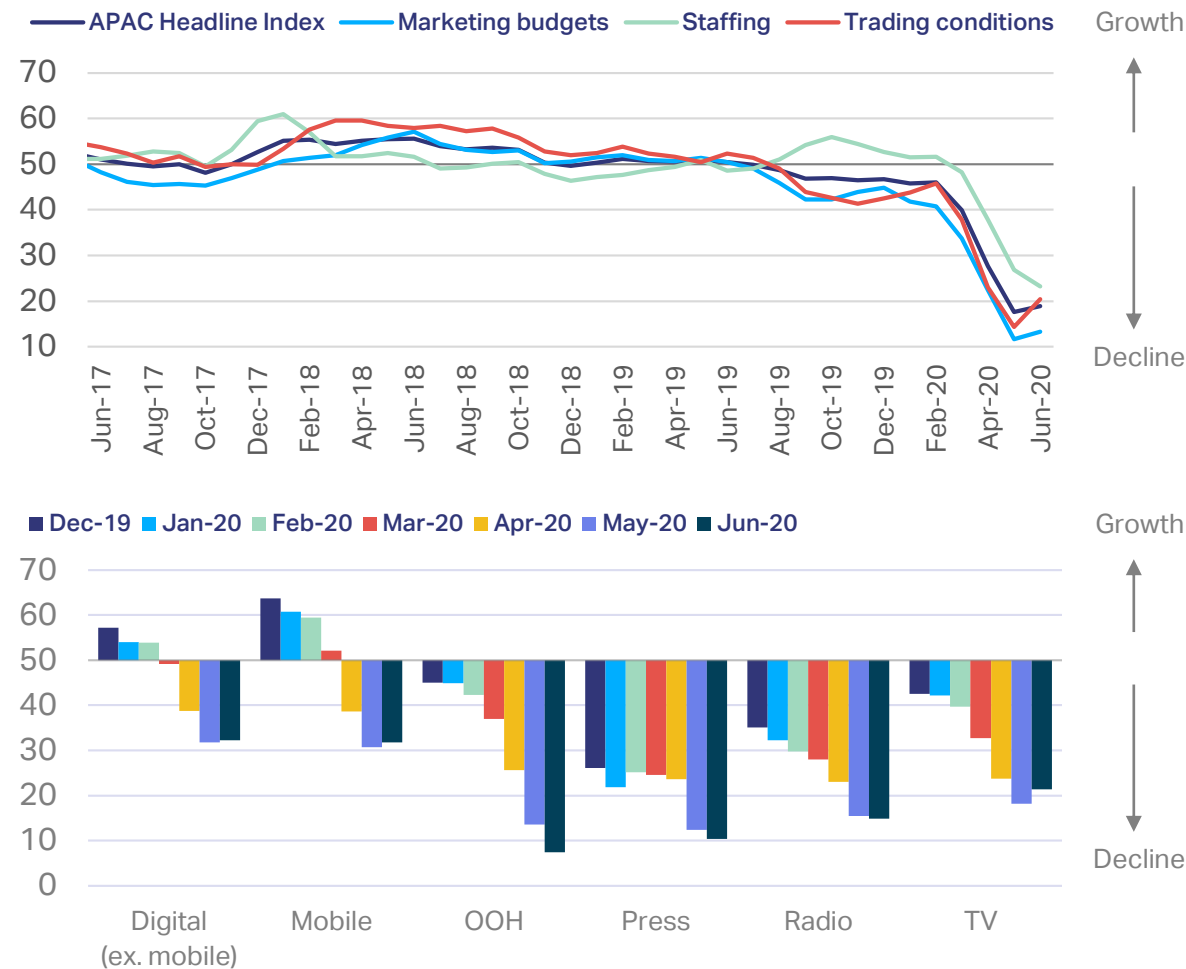
Online display to overtake TV as retail's lead media  
[read more](#)

Largest US advertisers spent over \$140m on Instagram in Q2 2020  
[read more](#)

Children now spending as much time on TikTok as YouTube  
[read more](#)

One in four marketers intends to use influencers less after COVID-19  
[read more](#)

# Asia Pacific



**Note:** Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.

**SOURCE:** WARC Data, [Global Marketing Index](#)

Invalid traffic cost Chinese advertisers ¥28bn in 2019  
[read more](#)

Australian grocery footfall returns to normal but retail down 16% in June  
[read more](#)

Singapore, Hong Kong and India leading on programmatic in APAC  
[read more](#)

30% of Chinese consumers to keep spending more on livestream shopping  
[read more](#)

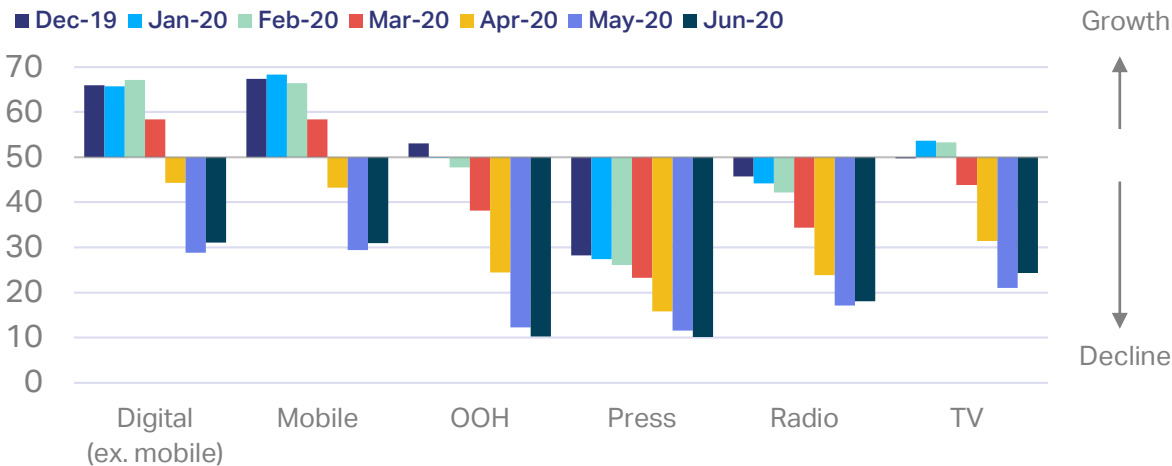
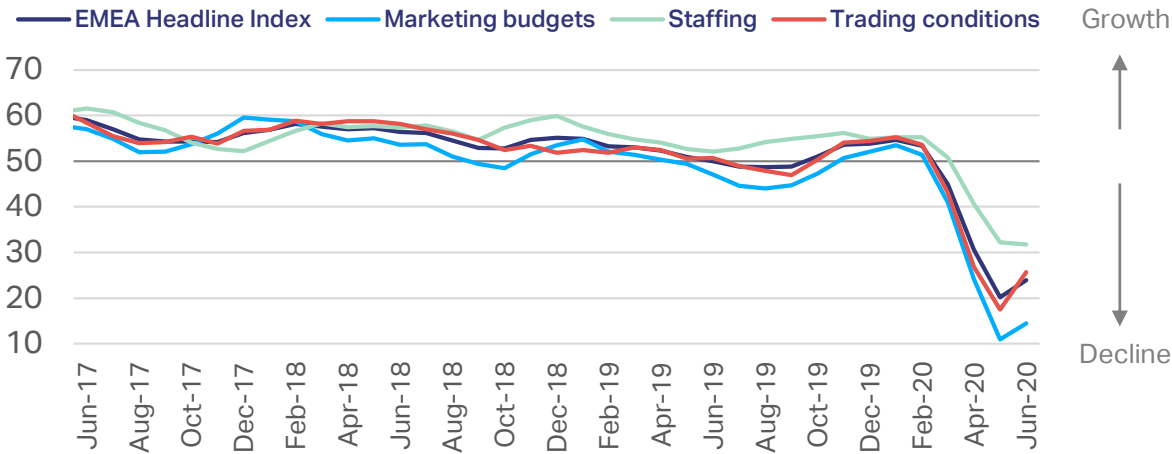
Half of Indian consumers will shop online after COVID-19  
[read more](#)

COVID-19 fails to drive long-term e-commerce growth in Japan  
[read more](#)

Chinese consumers most likely to delay luxury purchases  
[read more](#)

Digital channels lead way for Asian effectiveness  
[read more](#)

# EMEA



**Note:** Value above 50 is growth, below 50 is decline. Larger/smaller values signal severity. Media breakdown is change in marketing budgets.  
**SOURCE:** WARC Data, [Global Marketing Index](#)

Top UK retailers to see £5.4bn sales boost as Amazon overtakes Sainsbury's  
[read more](#)

Lack of cross-screen measurement and clear ROI limiting European digital video advertising  
[read more](#)

COVID-19 drives audiences to pay for online news  
[read more](#)

Children now spending as much time on TikTok as YouTube  
[read more](#)

E-commerce platform Zalando is the largest Facebook advertiser in France and Italy  
[read more](#)

Half of UK SMEs have cut adspend and struggle with campaign effectiveness  
[read more](#)

COVID-19 brings long-term gains in Spanish online shopping  
[read more](#)

54% of African consumers to continue to buy from online stores discovered during COVID-19  
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