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**THE ELECTRONIC
ENTERTAINMENT EXPO**

**E3
2018**



WAVEMAKER
MEDIA. CONTENT. TECHNOLOGY.



E3 is the world's premier trade show for video, computer, mobile games and related products. Held annually in Los Angeles at the L.A. Convention Center, E3 offers the interactive entertainment industry three days of jam-packed action. It's designed for leading and emerging gaming companies to showcase their new technologies and game-changing products while building connections with both current and potential partners.

What Happened?

This year's theme, "Digital Worlds, Real Innovation," came to life in new ways for hardcore and casual gamers alike. There were plenty of title announcements, platform reveals, and new ways of driving consumer engagement in gaming. This year's E3 also saw eSports finally take center stage, unconventional platforms surfacing (hint: it includes voice assistants), and more powerful stories than ever before. As E3 comes to a close, one thing is for sure: there's never been a better time to be a gamer (or a marketer leveraging the power of storytelling to connect with consumers through gaming!)

Major E3 themes included:

- Non-traditional platforms driving more gaming opportunities
- Console platforms (& their power) aren't going anywhere
- Platforms as the portals to experiences vs. the hardware
- The content has become more critical than the platform powering it
- Though eSports drives growth, it's still in its infancy
- Casual gamers are increasingly driving the future of gaming

Read on to understand why these E3 themes matter, what they mean for marketers, and how to best leverage the power of gaming to connect with consumers throughout the purchase journey.



“THERE HAS NEVER BEEN A MORE EXCITING TIME TO BE PART OF THE GAMING INDUSTRY, WITH CREATORS LARGE AND SMALL SHOWCASING INCREDIBLE NEW GAMES FOR THE MORE THAN TWO BILLION PLAYERS AROUND THE WORLD.”

-PHIL SPENCER, EVP OF GAMING, MICROSOFT

Non-traditional Platforms Drive More Gaming Opportunities

- Consumer engagement across many forms of content, especially games, is ever-present thanks to technology like Wi-Fi, voice assistants, connected devices, smartphones, and more. Both short-form and stop-and-go-play, is increasingly popular, offering consumers the chance for continuous play and always-available experiences.
- **Bethesda/Skyrim:** To tease the Skyrim game, Bethesda launched Skyrim: Very Special Edition, a voice-driven game accessible via Amazon's Alexa voice assistant.
- **Bethesda/Fallout 76:** The newest edition to the Fallout franchise is Bethesda's first shared-world game based entirely online (and largest Fallout game ever created). The unique factor is that all characters a player encounters are real people, creating a sense of shared world with other gamers. For those wanting to close the gap between the digital and physical worlds, there's a \$200 Power Armor Edition of Fallout 76, featuring a glow-in-the-dark map, branded gym bag and life-size helmet.
- **Microsoft/Xbox Adaptive Controller:** Announced before E3, consumers can now pre-order the first-of-its-kind controller designed for limited mobility gamers. Designed to be as adaptable as possible, the goal is to enable all gamers to have a set-up that works in an affordable and low effort/high result way.
- **Bethesda/The Elder Scrolls: Blades & Legends:** This new, free-to-play RPG Blades game set in the Elder Scrolls universe is coming to iPhone, iPad, and Android devices in Fall 2018 (which is currently open in beta stage). Legends, The Elder Scrolls' free-to-play collectible card game is coming to Xbox One, Nintendo Switch and PS4, which means gamers can start a game on a mobile device and transfer their progress across platforms later, encouraging gamers to start playing ASAP.
- **Lenovo:** Laptop and desktop gaming systems were updated to have a more subtle aesthetic, enabling them to blend in with everyday laptops for gamers who prefer subtlety.
- **Epic Games/Fortnite:** Shared information about the first Fortnite World Cup, which will begin with international qualifier events open to its 25 million+ registered players. However, for those in the eSports realm, it should be noted that unlike Epic, one won't be able to sell teams/franchises, nor allow third-party tournaments.
- **Nintendo/Poke Ball Plus:** To drive excitement (and eventually sales) of the upcoming Pokémon games, every Poke Ball Plus accessory purchase comes with the character Mew inside.

Non-traditional Platforms Drive More Gaming Opportunities (Continued)

What Marketers Should Know

- Historically, when we've talk about gamers, we've talk about the hardcore, dedicated gamers who invest heavily in the technology platforms and games they feel committed and connected to. However, as emerging technologies unveil new ways for two way engagement between consumers and devices, brands have been slowly testing how to bring the notion of gamification to their communications and storytelling. Whether that's via 360 video, smart assistant-based games, or tapping into the power of AR to bring a layer of digital storytelling to the physical world, as the what a game can be continues to evolve, so to does how brands should define gamer "communities" and develop a strategy to connect with them.



“AT MICROSOFT, WE ARE COMMITTED TO EMPOWERING GAMERS TO PLAY THE GAMES THEY WANT, WITH THE PEOPLE THEY WANT, WHERE THEY WANT.”

- PHIL SPENCER, HEAD OF GAMING, MICROSOFT

Console Platforms (& Their Power) Aren't Going Anywhere

- While there's emerging ways to access and play games, traditional hardware consoles (e.g. Xbox One) aren't going away anytime soon. Positioned as the core driver of at home experiences, these devices are becoming more and more nimble, connecting platforms, offering access to libraries, and keeping players engaged with their favorite entertainment offerings. While no new consoles were launched at this year's E3, plenty hinted that more are to come, while others touted new levels of connectivity and games only accessible via select consoles.
- **Microsoft:** Microsoft ended their press conference teasing that a new Xbox console is in development.
- **Nintendo/GameCube:** Super Smash Bros. Ultimate for the Nintendo Switch will support the beloved GameCube controller. While there are new editions of the controller in the works, they can be purchased via Amazon.
- **Nintendo/Fortnite:** For fans of Fortnite who have been wanting to play when they aren't home without sacrificing quality, Fortnite is now on the Nintendo Switch.
- **Sony/PlayStation 4:** The platform is a massive player (no pun intended) in the gaming world (with 75M+ consoles in the world). To continue this marketplace domination, most games announced were designed solely for those consoles.
- **Ubisoft/Just Dance 2:** The latest installment of Just Dance will not only be released on usual consoles (PS4, Xbox One and Switch), but also for older systems like Xbox 360, Wii U and the Wii.

What Marketers Should Know

- Dedicated gamers pledge their allegiances to the platforms they feel deliver on their needs, including content and connectivity. However, as pricing becomes increasingly competitive and game developers continue to create games that can be played across platforms and operating systems, it's more critical than ever for console companies to find ways to carve out exclusivity and value.
- When evaluating which platform to align with, it's critical to understand not only the current offerings, but the technology and strategy these companies are using to feed that passion, drive consumer loyalty, and enhance the overall gaming experience for gamers of all types.

Platforms are the Portals to Experiences vs. the Hardware

- It's no longer about owning the games or owning the device, but rather being the conduit to entertainment and experiences. Streaming services have become an increasingly common offering, something we saw at previous E3 events with the unveiling of Sony's PlayStation Now.
- **Microsoft:** Microsoft announced that it is leveraging its rich history in AI to develop a game streaming platform that will provide "console-quality gaming on any device." If they can deliver on this vision, that means consumers, no matter what kind of gamer, would be able to potentially play their favorite games on a smartphone, tablet, console, and maybe even on a home assistant device.
- **Microsoft/FastStart:** Leveraging Microsoft's AI technology, FastStart enables Xbox One gamers to jump into games twice as fast and play after downloading just a fraction of a title by identifying which files are needed to begin playing, prioritizing the download of those files, and enabling players to jump into full-fidelity gameplay while the rest downloads.
- **Microsoft/Xbox Game Pass:** Xbox Game Pass' catalog is growing, with more titles than ever for members. Additionally, notable titles are launching through the ID@Xbox program coming to Xbox Game Pass this year to parallel path with their Xbox One debut.
- **Nintendo/ Nintendo Switch:** The new Super Mario Party is coming to the Nintendo Switch, enabling groups to play no matter where they are (the trailer for the game shows them playing in home, at a coffee shop, and while camping in the woods).

What Marketers Should Know

- Gaming companies have given up on the notion that gamers are willing to only access their content of choice when connected to their personal consoles within constructed physical spaces, such as the home. Just as consumers prefer how they like to stream content, but are also willing to use other screens when needed (e.g. watching their favorite sporting events on a larger in-home TV while catching up on their TV shows via smartphone on-the-go), gamers too don't want to have to give up their fun simply because they need to continue on with their day.
- As more touchpoints for gaming become available, it's a great opportunity for brands to weave those touchpoints into the overall strategy for connecting with consumers out of the home.

The Content Is More Critical Than The Platform Powering It

- At the end of the day, despite the platform used or the type of gamer playing, it all comes down to the content and the ability to tell powerful, engaging stories through that content. After all, no one is going to play a game with poor visuals and an unconvincing story. Whether it was a hotly anticipated sequel, an unexpected collaboration, or new boundary-breaking perspectives, this year's unveiled gaming line-up surpassed expectations and set the bar for storytelling through gaming.
- **Microsoft/Microsoft Studios:** Microsoft shared that it has added five new creative teams to Microsoft Studios including: brand-new studio, The Initiative, acquired studio, Playground Games and letters of intent to acquire Ninja Theory, Undead Labs and Compulsion Games. The goal is to build better experiences faster than ever before.
- **Microsoft/Gears of War:** Microsoft is getting back into mobile gaming with a Funko Pop version of Gears of War for both iOS and Android.
- **Square Enix/Final Fantasy XIV x Monster Hunter World:** The upcoming Final Fantasy and Monster Hunter games will feature crossovers between the two worlds.
- **Ubisoft/Donkey Kong:** In another crossover, the Donkey Kong expansion for "Mario + Rabbids" will include four new levels. Players will be able to unlock the Kong content separately or grab it as part of Ubisoft's season pass.
- **Nintendo/Super Smash Bros Ultimate:** Players have access to 60 characters in the newest game in the hit series, including classic characters fans of nostalgia will appreciate.
- **Sony/Resident Evil:** The 1998 classic "Resident Evil 2" is being remade for PlayStation 4, Xbox One and PC.

What Marketers Should Know

- There are opportunities to integrate within games – either new title launches or updates to existing titles/series. This, however, requires some real thought to determine the right fit amongst the developers and titles, but can present enormous upside to being part of highly engaging game content, especially those with a built-in fan base.
- Today's game is often tomorrow's film or other type of content extension. Understanding what IP drives the game market now can help point the way to what consumers will experience on other screens tomorrow and help drive investment opportunities.
- Getting players closer to their games through "unlocks" and other giveaways can be an easier way in than full-on integrations if a brand isn't ready to commit to a full content integration, or is looking for shorter-term ways to align with a title.

Though eSports Drives Growth, It's Still in Its Infancy Stage

- This year, E3 partnered with Big Block Capital Group to launch Subnation, an entertainment and lifestyle platform designed to bring together gaming and eSports through experiences, events/competitions, original content, editorial, and more. It's interesting (and telling) to see a new media platform in the gaming space take a more lifestyle and entertainment focus around the gaming 'subculture'. This just proves gaming is growing well beyond hardcore gamers as a true culture develops within the industry.
- **Epic Games/Fortnite:** The company plans to turn Fortnite into an actual competitive sport, committing over \$100MM into Fortnite tournament prize pools before E3 and announcing its first official eSports event, the Fortnite Pro-Am. Its upcoming Fortnite World Cup will have a Code of Conduct, official schedule, etc.
- **Ubisoft/Rainbow Six: Siege:** To celebrate the game reaching over 35MM players, Ubisoft is premiering a documentary about the Siege Community at the Six Major eSports event.
- **Nintendo/Super Smash Bros.:** To promote its new Super Smash Bros. game, Nintendo hosted an invitational tournament at E3, featuring the top Smash players competing.

What Marketers Should Know

- Game publishers (e.g. EA, Nintendo, Riot) are focused on producing, launching, and selling games, but eSports has become a successful byproduct of the growing gaming industry from a competitive standpoint to drive incremental revenue streams and increase consumer touch-points with their games/products to drive deeper engagement and create more passionate communities. However, revenue from eSports is not yet close to the revenue generated from gaming platforms themselves or the core products.
- eSports has its own category and sector within the gaming industry, but we are slowly seeing a convergence between gaming and eSports to fuel and support one another and further drive/define the culture of gaming as a lifestyle platform.
- The complexity of the eSports industry is still a perceived challenge and risk for brands, but is starting to mature and take a more 'professional league' approach and model. This should begin to provide additional structure along with expected consolidation of leagues/tournaments/events which will help simplify the space and provide an easier path forward in identifying the right opportunities and entry points.
- Authentic relationships, integrations, and experiences between brands and gamers is critical for successful partnerships to last and make an impact. But as marketers, we need to fully understand the interests and behaviors of these coveted consumers, not just from a gaming perspective, but their lifestyle passions as well.

Casual Gamers are Increasingly Driving the Future of Gaming

- Today, pretty much every consumer can be considered a gamer in some regard, whether they spend the majority of their free time (and money) playing the latest game releases, or simply trying to kill time during their morning commute. Recognizing the growing size and power of more casual gamers, many companies are providing tailored offerings of value to this rapidly growing group of consumers.
- **Bethesda/Fallout Shelter:** After announcing its newest game, Fallout 76, Bethesda also unveiled Fallout Shelter, a casual version of the game available for free on both Nintendo Switch and PlayStation 4.
- **Square Enix/Kingdom Hearts 3:** Featuring more cameos than ever before (including Disney and Final Fantasy characters and Toy Story-inspired worlds), the game taps into nostalgic memories of gamers who may not be familiar with many of today's franchises.
- **Bethesda/Fallout 76:** One of E3's biggest announcements, games like Fallout, that are designed to be played with friends, lends itself to being an excuse to socialize, as well as a solve to the eternal question, "now what should we do for fun?"

What Marketers Should Know

- Gaming continues to grow not only in terms of overall scale within the gaming category, but also expanding to reach new consumer segments who play games, no matter how casual or committed. It's no longer about gaming being exclusively reserved for hardcore gamers only. Whether it's playing a game on a dedicated console or playing along to a guessing game via an Amazon Echo, gaming comes in more formats and delivered via more opportunities than ever imagined possible.
- Now is the time to rethink your brand's POV on gaming to determine the role of gaming within a consumer's everyday entertainment selection and how brands can use those moments of engagement to connect via utility and storytelling.





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