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A Trillion Hours! Why Community is the Game behind the Games



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by John Kosner & J Moses

Tonight, again, will be the Tale of Two Rooms.

In our living rooms, we will watch the Super Bowl, while jury rigging together a Twitter/Zoom solution (laptop in front of the couch) so each of us can interact with our friends during the game. Given latency issues for sports broadcasts offered by multiple distributors, we will not all be watching the same feed at the same time. Some of us will see, say, Patrick Mahomes' TD pass as much as 30-seconds in advance of others. We will not be able to buy a champion's hat as part of our hacked-together digital viewing party.

Meanwhile, in their bedrooms, our 13-year-old sons will be playing video games on their big screens or laptops as part of a *fully-integrated* platform — maneuvering, plotting, yelling and screaming at each other in real-time. A true modern *community* experience made possible by the game's publisher.

To understand why gaming is ascendant in our culture, especially among the young, look no further.

In our first piece published on Jan. 1, 2021 (<https://medium.com/kosner-media/the-worlds-fastest-growing-game-4e5d6f367515>), we wrote that the world's fastest-growing game is ... TikTok, and how gaming mechanics is building the most popular media property for young audiences. **This is part of our broader POV that there is much that Sports, Media, Investors ... all of us in business ... can learn from games.**

In part II of our series, we explore a key feature of the popularity of games: how they naturally promote and benefit from super-engaged communities.

Super Bowl Sunday is perhaps the biggest community activity day in our country. John Ourand of *Sports Business Journal* estimates that tonight, CBS will get 95.1M TV-only viewers (before approximately 5MM out-of-home and streaming numbers are added).

And yet, the shared "Watch Party" technology available to us right now is inferior. The pay TV industry has not advanced "TV Everywhere." As we see with Games, *now* is the perfect opportunity.

The Games business is differentiated:

- 1. It *engages* its community in real time;**
- 2. It *enables* its community to share in bits and bytes;**
- 3. It *mines* its community to create stupendous value in virtual goods.**

Achieving these three should be possible for Sports and Entertainment too. But both industries must figure out how to do them effectively.

Games publishers are fully vertically-integrated from an ownership standpoint. They own the code, the data and, in most cases, *the customer* singularly. *The result:* an end-to-end experience that lets gamers pick and choose what they want, engage with each other as they want — all in real time all over the world. For gamers, it is easy to share clips, purchase virtual goods and interact with celebrity streamers.

The resulting participant numbers in Games are mind-boggling as are the revenues. On an average day, concurrent usage for gamers at peak times is approaching 100MM globally. Per Newzoo, in 2020, Gamers (between community and streaming):

- generated practically a *trillion* hours of activity! **One trillion hours.**

- spent an estimated \$79B on the purchase of virtual goods and other merchandise — a category that is growing 8% a year.

That's a stark contrast with Sports. The sports broadcast, even the Super Bowl, remains (like the linear world in which we grew up) a “push” experience where we watch the game and then talk about it afterwards. COVID has eliminated traditional “water cooler moments,” at least for the time being (few of us will be headed into an office tomorrow morning to chat up our colleagues). Yes, through second-screen experiences like Twitter, Zoom, iMessage, Verizon Mobile, we can all talk about the games globally and watch and share highlights, memes, etc. But why would leagues and rightsholders *give* their customers to third party social networks and messaging platforms?

It's all actually and structurally limited, especially compared to games. For Sports, it used to be that *showing* the game was community. Now it is *enabling* fans not just to watch in real time but to do whatever they would like, in whatever-size group. You can find NFL clips of J's favorite Steelers WR JuJu Smith-Shuster on YouTube ... but you are not permitted to share them.

The limiter is the historical approach to granting rights. We appreciate the issues — both for rightsholders and licensees — many of whom have, or are negotiating currently, long-term agreements in a period of accelerating change especially with younger audiences. But think about: **\$79B in virtual goods sales annually for Games**. Sports gets about \$0. The *total* cost of U.S. sports rights this year is approximately **\$25B**. We think loosening the reins on sharing activity at the expense of traditional “exclusivities” is actually a win/win. Using the Super Bowl as an example, the NFL could jumpstart a significant new revenue stream with virtual goods and live in-game activities for purchase; CBS would benefit from a much more engaged audience, probably larger at the younger end.

Lessons to take away:

- Like game publishers, Rightsholders need to vastly improve their *co-viewing* and sharing experience. That is the way to own and mine your customer. To start, imagine tonight's CBS viewing experience with a “+” button where you could easily add friends and then “share your screen” for the synched game telecast plus access to merch, prop betting and fantasy and other streamers. For the Super Bowl, the NFL should offer this and more as its own “Super Viewing” experience — every bit as compelling as what gamers can do right now on Fortnite, Minecraft or World of Warcraft (all multi-billion \$ businesses). Efforts are underway at Yahoo and startups like Teleparty and LiveLike.

- The same opportunity exists for Entertainment. For Disney+, for example, a truly dynamic Watch Party experience for the next installment of “The Mandalorian” opens many new options to surprise and delight an already passionate audience. Once you figure out your community, you can mine it.
- And there is an investment thesis here too (elucidated in “*The Content Trap*” by Bharat Anand) — pay attention to activities and businesses that *breed connections*. For example, as the sports industry prioritizes betting, don’t forget about fantasy sports.

For sports fans, we believe true co-viewing is *when* not *if*. Cable TV pioneer Ted Turner recognized the power of distribution and (community) with the advent of satellites he introduced WTBS, our first nationally-distributed “superstation” in 1976. That caused lots of problems for rightsholders but we overcame them, before TBS became just another national cable network. In 1982, legendary advertising Hall of Famer George Lois famously coined the phrase “I want my MTV” to get carriage on the burgeoning cable distributors shortly after ... and we got our MTV. Forty years later, fans want community watching. We all win by giving them what they want!

John Kosner is President of Kosner Media (www.kosnermedia.com), a digital and media consultancy, and an investor and advisor in sports tech startups. He was the senior digital executive at ESPN for 20 years. J Moses has been in and around the Sports, Games, and Tech businesses for over 40 years. He has been a Director at T2 since 2007, and is currently an Executive Producer on a scripted Esports show for the CW (www.optinstudios.com). Both John and J are disciples of the legendary Roone Arledge of ABC Sports.

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