

# DIGITAL STRATEGY IN ESPORTS - HOW CAN ESPORTS TEAMS BUILD DIGITAL STRATEGIES TO CREATE VALUE FOR SPONSORS

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## Abstract

The world nowadays is going digital. The enormous reach of the internet has moved people across the world online. This mass movement of users to the digital space has affected companies across the world, irrespective of their size and industry. As a result, it is extremely important for companies to go digital. And they can do so using a plethora of digital technologies available today. However, it is not so simple and companies are realizing the importance of having a sound digital strategy for their digital journey. Not getting the digital strategy right may lead to failed digital transformation and may leave the company behind their competitors.

Esports as an industry is entirely digital. It was born in the digital space and it has grown in the past few years as is evident from the growth in its audience base as well as in the sponsorship money the industry receives. One of the central stakeholders in Esports are the Esports teams which have players to play the games, compete in tournaments and stream gameplay videos. One of the core sources of income for Esports teams is through sponsorships. With so much money involved and with so many digital innovations, it's evident for Esports teams to continuously find ways to add more value to their sponsors thereby attracting more and more good sponsorship deals.

In this research, the author first identifies the factors which positively or negatively impact sponsorships for Esports teams. Factors such as sponsorship fit, audiences' perception of sponsors' intentions, enhanced engagement of sponsors with fans and long-term associations between sponsors and Esports teams are discussed. The author then uses interviews to further determine the ways in which these factors can be focused on by Esports teams in their engagements with sponsors and fans. Finally, based on the insights from literature and interviews, a set of practical recommendations are provided which can be employed by Esports teams to add more value to their sponsorship deals and eventually attract more sponsors.

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## 1. Introduction

In this chapter, the background of this study and an overview of this research framework is presented. The research is started with introducing the background of the research and then the main objective and topics for this research are introduced. That is followed by outlining the methods adopted for this research, the tools used for data collection and the research framework.

### 1.1 Background

With more and more advancements in the field of technology, digitization has become increasingly important (Haffke, 2017). These new technological developments are changing the customer needs in a way that customers have more expectations around customized products and services (Vey et al. 2017). In these times of digitalization, companies need to integrate and use new technologies and have a clearly defined strategic orientation to tap into the full potential for creating value (Hess et al. 2016). This appropriate strategic orientation at an enterprise level takes advantage of new digital technologies and provides opportunities for the companies to transform them through digital initiatives (Ross et al. 2017).

#### 1.1.1 Digital Strategy In Current Times

Every company of every size in every industry is affected by the rapid pace of digitalization (Westermann et al. 2012). Hence it is extremely important for companies to create a digital strategy which is right for them. According to some recent studies, digital strategy is still an active area of research (Bharadwaj et al. 2013; Pagani 2013; Woodard et al. 2013; Matt et al. 2015; Hess et al. 2016; Mithas et al. 2016).

Though companies these days realize the importance of having a digital strategy, they still have to face the challenge of developing a well structured digital strategy and of integrating individual digitization efforts into a strategic concept. Often, companies lack the clarity on the direction they need to take regarding

their digital strategy. With this lack of clarity, it is very easy to get the digital strategy wrong.

The failure rate of companies with an inappropriate digital strategy is extremely high but in spite of such a high failure rate, it is not really an option for companies to not invest in creating digital strategies. As a result, more and more companies are innovating and reinventing themselves at a brisker pace and experimenting with new digital strategies to add value to their existing offerings. They are leveraging various combinations of Cloud, Big Data, Artificial Intelligence, Analytics, Social Media etc to serve their customers better.

Esports is gaining a lot of momentum as a form of entertainment (Denisov, 2020). It is not really considered as a part of the traditional sports industry but is looked at as a separate entity (Denisov, 2020). And if the published revenue numbers and stats related to Esports are anything to go by, this industry is set to overcome most of the other sub industries in terms of revenue as well as audiences. With its unique structure, Esports presents multiple revenue opportunities for various stakeholders (Denisov, 2020).

Given the incredible growth of Esports and the fact that Esports is a totally digital industry, it makes perfect sense to explore the idea of using digital strategies in Esports to increase the value which Esports stakeholders (for this paper, the focus is on Esports teams) offer. In the sections below, we discuss briefly about sponsorships in Esports and how Esports teams partner with sponsors. We then add details about why this study is so relevant in the current times and why the combination of Digital Strategy and Esports is a powerful combination.

### 1.1.2 Growth of Sponsors in Esports

Sponsorship is a critical element of the Esports industry. Sponsorship is the main revenue stream for the Esports industry (Denisov, 2020). According to [the Esports Revenue Stream](#) published by [Newzoo](#), in 2021, out of the total \$1.1 B revenue, Sponsorship contributed about \$641 M, which is about 58% of the industry revenue. And this is a growth of almost 12% YoY.

The main reason for this growth can be attributed to two critical features of Esports - a passionate audience and a growth in viewership (Charraud & Widell,



2019). The audience in Esports is highly passionate, loyal and tough to reach via conventional ways of marketing (Goncalves, 2021).

More details about sponsorships in Esports have been added in a separate section in the appendix at the end of this paper. Some interesting stats and facts about the same have also been included.

### 1.1.3 What Esports Teams Offer to Sponsors

Esports teams are groups of Esports players who play multiplayer Esports games together in Esports tournaments (Ströh, 2017). Sponsorship remains one of the key revenue streams for Esports teams. There are various ways in which Esports teams provide value to sponsors. Esports teams often have their sponsors featured on the team kits used by Esports teams. This includes having sponsors logos or signage on teams' t-shirts, game gears etc. Also, a lot of Esports teams organize Esports events and tournaments. These events are sponsored by the Esports teams' sponsors which means the sponsors can have their signage and logos on the virtual Esports arenas, virtual sessions etc. Esports teams also sometimes host interactive sessions with their players. They also sometimes host game play sessions where people watch players playing games. Sponsors can have their logos and ads appear on the screen during these events. In addition to that, Esports teams also sell merchandise featuring their sponsors on them. (Spielmann, 2020)

### 1.1.4 Relevance of This Research

There is some research which has been done around sponsorships in Esports and the factors that contribute to value addition in Esports sponsorships. However, knowing what to do is only one part of the solution. The other part is about how to do it. And hence while there is research on what factors influence value addition, there is not enough material available on ways to implement those factors, as can be seen from the literature review where the relevant search terms gave only 16 final hits and not all 16 of them really contained significant amount of material on this topic.

In the absence of such literature, Esports teams may get their digital strategies wrong and find themselves more exposed to the factors which can cause a harm to their partnership with their sponsors and can hence ultimately be a risk to the

team as well as to the sponsors - the sponsors have a risk of not realizing value from their investment and worse, getting bad reputation, and the team has a risk of losing out on the sponsorship revenue.

A well created digital strategy can lead the Esports teams to add more value to sponsorships, forge a long term partnership with their sponsors, get a bigger deal and even attract more sponsors. The sponsors on the other hand can derive a lot of return on their investment.

With Esports in a hyper growth phase and an increased focus of companies on using digital technologies, it is a good time to study the ways of creating successful digital strategies for Esports teams.

## 1.2 Research Objective and Question

As can be seen from the above sections, Esports is a highly dynamic ecosystem and sponsors have a lot of options within the Esports framework to reach out to their target audiences. In this context, it becomes extremely important for Esports teams to actively work on their presence and sponsor's visibility so that they can add value to sponsorships.

As discussed in the sections above, Digital Strategy for any company needs to be strategic and focused. And hence the same is true for Esports teams as well. Any Digital Strategy created by Esports teams needs to fulfill some strategic objectives. The overall goal of the digital strategies recommended as the output of this study is to add value for sponsors. However, from the perspective of digital strategy, the aim needs to be more focused and objective. And hence this overall target needs to be broken down into various sub-components or sub-objectives that need to be achieved in order to collectively fulfill the overall target. The sub-objectives in this study would be such that they help Esports teams add value to the sponsors i.e. to promote factors that positively impact sponsorships and discourage factors that negatively impact sponsorships. And this becomes the first step of this study i.e. to identify factors that positively or negatively impact Esports sponsorships.

Once the sub-objectives are clear, then the need is to see how those aims can be achieved by the use of digital technologies i.e. how digital technologies can be

used to promote positively impacting factors and discourage negatively impacting factors.

To summarize, this study is essentially focused around two areas - “*what*” and “*how*”. The “*what*” part will focus on the objective that needs to be achieved by implementing a digital strategy. The “*how*” part will focus on how digital technologies can be used to achieve those objectives as a part of a digital strategy. This research is going to answer the main question by finding answers to the two sub-questions.

**Main RQ** : “How can Esports teams build digital strategies to create value for Esports Sponsors?”

- **Subquestion 1** : What are the factors that positively impact Esports sponsorships and what are the factors that negatively impact Esports sponsorships?.
- **Subquestion 2** : How can digital technologies be used as a part of a digital strategy to promote factors that positively impact Esports sponsorships and discourage factors that negatively impact Esports sponsorships?.

The subquestion 1 is answered in section 3.4 based on literature review. The subquestion 2 is answered in section 4.4 using interviews. And the final set of recommendations in the Conclusions section (section 5) answer the main research question.

### 1.3 Research Framework

This paper has been divided into 6 parts. The first part is an introduction to the research realm for this paper. The background of the research is provided and the research objective is defined. The research method is then explained. In the second part, Esports is briefly introduced to the readers. Digital strategies are also discussed in this section. In the next chapter, Sponsors and Esports teams are looked at in detail and their interaction with each other in the Esports world is discussed. Some relevant data points to describe the same are also presented. The third chapter then contains a systematic literature review to explore the concepts that affect the partnership between a sponsor and a team in Esports. Next ,the scenarios which make an Esports team favorable for a sponsor are

identified. Some experts in this field are interviewed to understand about the partnership between an Esports team and a sponsor and how the teams can utilize digital technologies to make it more conducive for sponsors to partner with them. The fourth chapter then tries to summarize the whole study and present a set of recommendations on the digital strategy that should be employed by Esports teams to make the most of this incredible opportunity of getting sponsorships. This is the chapter which presents the output of this paper. The fifth and sixth chapters respectively contain details about references used in this paper and an appendix.

## 1.4 Research Method

### 1.4.1 Qualitative Research

Qualitative research is “multimethod”, usually utilizing an interpretive approach to the research. Researchers that use the qualitative method aim to interpret social phenomena and social realities through non-numerical data (Denzin & Lincoln, 2005 p. 2). The non-numerical data is collected in the form of interviews, direct observation, and the analysis of primary data like documents and cultural records (Denzin & Lincoln, 2005 p. 14).

The primary research method of this thesis is qualitative as the goal is to get to a set of recommendations without using any numerical data. Systematic literature review and semi-structured interviews were chosen as the primary source of data.

### 1.4.2 Interviews and Literature Review

As mentioned above, the primary sources of data for this research come from systematic literature study as well as from a set of interviews.

## **Literature review**

The literature review focused on finding relevant and qualitative literature on topics that are directly related to the research objective. As mentioned in the above sections, there is some research which has been done to find out the factors that impact value addition in sponsorships. The literature review helped to

extract that data. More details on the exact method used for the literature review is provided in the Literature Review section.

## **Interviews**

Interviews offered a very flexible environment to gain more knowledge about sponsorship and factors related to value addition. Based on the outcomes of the literature review, a set of important factors for this study are identified. The interview questions are then derived from these factors to understand how digital technologies can be used to have impacts around those factors. So this research is contributing to increase the knowledge of this field by performing interviews with experts.

The interviews were semi-structured in nature. The duration of each interview was about 1.5 hours. The choice of semi-structured format and long duration was aimed at obtaining an in-depth understanding of the ways in which digital technologies can be utilized to encourage / discourage factors impacting sponsorships in Esports.

Literature was used to identify the number of interviews needed. A lot of work has been done by various researchers on the aspect of saturation, the point after which incoming data produces little or no information (Guest et al. 2006; Guest & MacQueen , 2008), and what is the number of interviews required for a qualitative study. Morgan and colleagues (Morgan et al. 2002) mentioned that 5-6 interviews are enough for most concepts. Guest and team (Guest et al. 2006) considers 6 interviews sufficient to reach a significant saturation. Francis and team (Francis et al. 2010) suggests 5-6 interviews for most themes. And hence, we feel that 5 interviews should give us a significant amount of information to work with.

5 experts were approached for this interview. However only 3 of them volunteered to participate. The first interviewee has been an Esports consultant and has hosted a number of Esports tournaments. The second interviewee is an Esports enthusiast who is also a gaming industry veteran. The third interviewee is a senior partnership manager at a prominent Esports company.

In order to do a qualitative analysis of the information received from the interviews, we use the framework suggested by Miles and Huberman (Miles & Huberman, 1996). The major phases of doing this qualitative analysis of interviews will be: data reduction, data display and conclusion drawing (Miles & Huberman, 1996).

Data reduction refers to the process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written up field notes or transcriptions (Miles & Huberman, 1996). In order to do this, the information received from the interviews has to be organized and meaningfully reduced. Distilling information received about use of digital technologies w.r.t to the identified factors from the interviews will be the area which will be focused on for doing data reduction.

Data display provides an organized, compressed assembly of information that permits conclusion drawing (Miles & Huberman, 1996). In this case, a table is created to arrange the extracted data in a format which is easily comprehensible. It also allows analysis of various interviewers' responses and makes decision making easier.

Conclusion drawing is the final step. It involves taking a step back and thinking about what the analyzed data mean and assessing their implications for the research question at hand (Miles & Huberman, 1996). Based on the data display table, a set of recommendations conforming to the thoughts of all the interviewers is discussed.

#### 1.4.3 Creation of Digital Strategies

To come up with digital strategies, Sebastian's framework (Sebastian, Ross & Beath, 2017) is used. Sebastian studied the steps to create a great digital strategy and their findings promoted the use of digital technologies to come up with sound business strategies. More details on the work is provided in the section on Digital Strategies.

## 1.5 Delimitation

Esports as a topic is broad. And the general notion of digital strategy is also very vast. There are different manifestations of a digital strategy for Esports. Each stakeholder can have their own strategy focused on them. And hence it is important to limit the scope of this thesis and to set up some delimitations. In this paper, the focus is on the “Esports Teams” and “Sponsors” stakeholders. This paper does not aim to do any research on Esports in detail. The paper does not talk about video games or Esports titles.

## 1.6 Limitations of this research

This research involved reviewing existing literature as well as interviewing relevant personalities to generate insights. However, the literature available on this topic is very thin. Also, some of the potential interviewees identified were people serving at executive posts of various Esports related establishments and hence some of them could not participate in the interviews unfortunately because of other commitments. Thus the number of interviewees is low to generalize the interview findings.

## 2. Digital Strategies and Esports

### 2.1 Digital Strategies

With the emergence of digital technologies, the economy has gone digital. Also, modern society has gone digital in much of their day-to-day stuff. With the expansion of the internet and social media, people are more connected than ever and are going digital. This has changed the way business is conducted in the modern world. Digital technologies such as SMACIT (social, mobile, analytics, cloud and internet of things) present amazing opportunities for companies to offer much more to their customers than what they were offered in the pre-digital age. Digital strategies are business strategies that incorporate the opportunities presented by the digital economy (Chen, Mocker, Preston & Teubner, 2010)

In 2017, Ina M Sebastian and team studied the steps to develop a great digital strategy (Sebastian, Ross & Beath, 2017). Their findings underscored the importance of developing a winning business strategy that takes advantage of digital technologies. According to the study, a great digital strategy provides direction, enabling executives to lead digital initiatives, gauge their progress, and then redirect those efforts as needed. The study mentioned that there are two kinds of digital strategies - a customer engagement strategy and a digitized solutions strategy. The first step in developing a great digital strategy is to decide which kind of digital strategy to pursue.

#### 2.1.1 Customer Engagement Strategy

A customer engagement strategy focuses on the development of customer loyalty, trust and, in the best cases, passion (Sebastian, Ross & Beath, 2017). Companies which choose this approach offer seamless, omnichannel customer experiences, rapid responses to new customer demands, and personalized relationships built upon deep customer insights (Sebastian, Ross & Beath, 2017). Companies with a great customer engagement strategy are constantly identifying new opportunities to connect with their customers (Sebastian, Ross & Beath, 2017).



### 2.1.2 Digitized Solutions Strategy

A digitized solutions strategy transforms what a company is selling (Sebastian, Ross & Beath, 2017). It seeks to integrate diversified products and services into solutions, to enhance products and services with information and expertise that help solve customer problems, and to add value throughout the life cycle of products and services (Sebastian, Ross & Beath, 2017). Over time, digitized solutions can transform a company's business model by shifting the basis of its revenue stream from transactional sales to sophisticated, value-laden offerings that produce recurring revenue (Sebastian, Ross & Beath, 2017).

### 2.1.3 Choose Only One Strategy

While the two kinds of digital strategies are very different from each other, they nonetheless converge over time (Sebastian, Ross & Beath, 2017). However, this convergence doesn't lessen the need to choose between the two kinds of digital strategies (Sebastian, Ross & Beath, 2017). Companies still need a clear digital strategy to develop an exhaustive portfolio of offerings, to guide their innovations and set priorities (Sebastian, Ross & Beath, 2017).

## 2.2 Esports

One of the oldest definitions of Esports was given by Wagner (2006). In terms of Wagner,

*“eSports is an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies”.*

However this definition is not accurate if you look at the current scenario. This definition does not talk about the modern day Esports which is played on multiple platforms, has its own unique culture and ecosystem and the same has been pointed out by (Rogers, 2019). Wagner's definition's lack of these essential elements has also been pointed out by various other researchers like (Taylor, 2012), (Taylor & Witkowski, 2010). It is difficult to come up with a universally acceptable definition of Esports. Besides researchers, there are various definitions given by media houses as well as by Esports industry experts. For

example, David Segal from The New York Times explains Esports in an easy to understand language (Segal, 2014)

*“[...] the odds are good that you have never heard of e-sports, a catchall term for games that resemble conventional sports insofar as they have superstars, playoffs, fans, uniforms, comebacks and upsets. But all the action in e-sports occurs online, and the contestants hardly move”.*

Similarly, Jason Lake who is the CEO of compLexity Gaming, a prominent Esports organization in the USA, presents his views in the following way

*“Esports is a digital sport for a digital future. You need to look where the puck is going, not where it has been. Video gaming is chosen entertainment for this generation. Love it or hate it, Esports is here”.*

Defining Esports is not the focus of this study and hence a definition is not chosen here. However, all these definitions essentially describe the large number of points of view from which Esports is looked at and hence signify the humongous ecosystem of Esports. Esports these days are watched by millions. The experience of watching Esports is so spectacular that it resembles watching a professional sporting event, the difference being that instead of watching a physical event, the audience watches video gamers compete against each other in a virtual environment.

Esports levels the playing field for factors such as gender, culture, and location. This democratization of participation contributes to Esports' allure and its generation of a globally engaged fan base. Additionally, whereas traditional sports have physical/special limitations, Esports is more fast-paced and scalable because of its reliance on digital platforms.

Esports is a very broad topic and it is not ideal to have them all discussed in this section. So a section is added in the appendix at the end of this paper which talks about more details on the evolution of Esports as well as some of the key stakeholders in the Esports industry.

### 2.3 Digital Strategies in Esports

The entire Esports ecosystem is a digital ecosystem. The games are played online. The games are watched online. And so Esports provides a huge opportunity for adopting digital strategies to tap into this huge audience. Some of the reasons why digital strategies can provide a lot of benefits to Esports are:

- Digital Audience - Esports viewers in general are a young population who are more connected with digital platforms as compared to other traditional platforms like TV (Huettermann, Trail, Pizzo & Stallone, 2020).
- Expansion of Internet - With the expansion of the internet, Esports is reaching more and more viewers. And so the digital base available for targeting is growing.
- More Ways To Engage - The digital nature of Esports provides a lot of digital touchpoints for the customers. This means digital strategies can be employed to have a higher and better engagement with viewers as compared to traditional sources like the TV.

Owing to the above reasons, every stakeholder within the Esports industry can create digital strategies to engage more and obtain more value from their association with Esports.

### 3. Literature Review

In order to find answers to the research sub-question 1, a literature review is done. That is, the objective of this literature review is to identify the factors that impact Esports sponsorships positively as well as negatively. In order to appreciate those factors, it is equally important to understand the reasons why sponsors sponsor Esports and what do sponsors look for from an Esports sponsorship.

#### 3.1 Literature Review Methodology

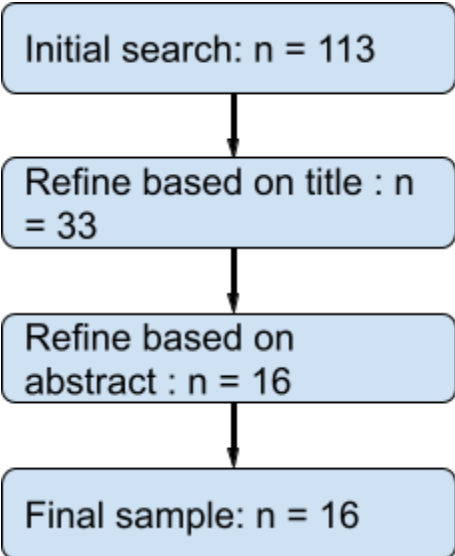
A systematic literature review is done here. A Systematic Literature Review (SLR) approach is utilized based on the Kitchenham approach applied by (Bukhsh et al., 2020), which is similarly built on the SLR guideline in software engineering. A list of published materials related to Esports sponsorships and factors impacting Esports sponsorships were reviewed. The objective of this literature review is to better understand the Esports sponsorships landscape and the factors which contribute to their successes and failures.

This literature review is done in 4 steps: define, search, select and analyze (Wolfswinkel, Furtmuller & Wilderom, 2013). The main sources used to find literature were Scopus, Google Scholar and Google Books. Some reliable and popular Esports stats publishing websites such as Newzoo, Statista, Globaldata, Esportsinsider, Forbes etc were also looked at. Not a lot of filters are put on the time period of literature here. This is primarily because of the fact that this topic already has limited literature and so it is important to make use of all the relevant literature that is found. However more priority is given to more recent and up to date literature so as to ensure that the study is not based on obsolete data. A set of keywords is used in order to find literature relevant to the objective of this literature review - "Esports digital strategy", "Esports sponsorship", "Esports sponsors", "Esports teams sponsorship", "Esports teams sponsor", "Esports sponsorship pros", "Esports sponsorship cons", "Esports sponsorship advantage", "Esports sponsorship disadvantage", "Esports sponsorship challenge", "sports sponsorship strategy", "team sponsorship strategy".

<b>Time Window</b>	No filter applied explicitly however more priority given to recent literature
<b>Fields of Search</b>	Esports, Sponsorship, Sports
<b>Source</b>	Scopus, Google Scholar, Google Books, Newzoo, Globaldata, Statista, Esportsinsider
<b>Search Terms</b>	“Esports digital strategy”, “Esports sponsorship”, “Esports sponsors”, “Esports teams sponsorship”, “Esports teams sponsor”, “Esports sponsorship pros”, “Esports sponsorship cons”, “Esports sponsorship advantage”, “Esports sponsorship disadvantage”, “Esports sponsorship challenge”, “sports sponsorship strategy”, “team sponsorship strategy”

*Table 1 : Literature Review Methodology*

A total of 113 papers, articles and books are identified based on the above criteria. A first round filter of these results is done based on the titles of the papers, articles and books. The literature where the title did not relate to our objective is filtered out. This leaves 33 literature references. The abstracts of these 33 references are then reviewed to further filter out those pieces which were not relevant to this study. And that leaves a final corpus of 16 literature references to review.



To select our articles, the search terms are used on the sources. A hit on about 113 articles is obtained.

The titles of all these articles are then reviewed to filter out literature and this leaves 33 articles.

The abstract of these 33 articles are then reviewed and finally, a corpus of 16 articles is obtained for this literature review.

*Figure 1 : Literature Review Article Selection*

In the table below, the topics covered in the these 16 articles are listed:

<b>Paper</b>	<b>Topics Covered</b>
<i>Freitas, Contreras-Espinosa &amp; Correia, 2021a</i>	Growth of Esports as a medium of entertainment, growth of sponsors' confidence in Esports, risk to Esports sponsorship due to disreputable behavior
<i>Forster, 2019</i>	Importance of sponsor-event fit for a successful sponsorship in Esports
<i>Denisov, 2020</i>	Growth of sponsors' confidence in Esports, objectives of Esports sponsorship, why sponsors are attracted to Esports
<i>Wessels, 2018</i>	Factors that impact the effectiveness of Esports sponsorship, challenges faced by Esports sponsorship, objectives of Esports sponsorship
<i>Chen, 2021</i>	Objectives of Esports sponsorships, why sponsors are attracted to Esports, measuring sponsorship's effectiveness, factors that impact the effectiveness of Esports sponsorship
<i>Huettermann, Trail, Pizzo &amp; Stallone, 2020</i>	Growth of sponsors' confidence in Esports, why sponsors are attracted to Esports, how non-endemic brands can make their Esports sponsorship more effective
<i>Baldvinsson &amp; Isopahkala, 2019</i>	Growth of sponsors' confidence in Esports, importance of sponsorship fit for Esports sponsorships
<i>Freitas, Contreras-Espinosa &amp; Correia, 2019</i>	How negative perception of Esports impacts sponsors images

<i>Singer &amp; Chi, 2019</i>	Growth of Esports as a medium of entertainment, why sponsors are attracted to Esports, Esports fans loyalty
<i>Spielmann, 2020</i>	Growth of sponsors' confidence in Esports, why sponsors are attracted to Esports
<i>Ramirez, Duclos-Bastias &amp; Schluter, 2021</i>	Growth of Esports as a medium of entertainment, why sponsors are attracted to Esports, importance of image and values fit and synergy between the brand and the Esports teams for effectiveness of sponsorship
<i>Korpimies, 2017</i>	Importance of having a working relationship between the sponsor and the sponsored
<i>Goncalves, 2021</i>	Why sponsors are attracted to Esports, importance of leveraging and activation in Esports sponsorships, factors that impact the effectiveness of Esports sponsorship
<i>Freitas, Contreras-Espinosa &amp; Correia, 2021b</i>	Importance of incorporating relevant added value by brands for gaining better results from sponsorship investments
<i>Charraud &amp; Widell, 2019</i>	Growth of Esports as a medium of entertainment, why sponsors are attracted to Esports, factors that impact the effectiveness of Esports sponsorship, how should sponsors select Esports teams for sponsorships
<i>Nielsen, 2019</i>	Why sponsors are attracted to Esports

*Table 2 : Literature Review - Topics Covered in Various Articles*

As can be seen, the 16 papers deal with various topics related to Esports sponsorships. Some of these topics such as “factors that impact the effectiveness of Esports sponsorship”, “how should sponsors select Esports teams for sponsorships” etc are directly related to our topic and can provide a lot of insights about the topic of this study. In the table below, a quick categorization of the topics mentioned above is done in terms of how relevant they are to our study and how can the information on these topics be used in the context of our study. A detailed table mentioning individual topics is present in the appendix.

<b>Topics covered in articles</b>	<b>Relevance with this study</b>	<b>How is it relevant to this study</b>
<p>Risk to Esports sponsorship due to disreputable behavior,</p> <p>Importance of sponsor-event fit for a successful sponsorship in Esports,</p> <p>Why sponsors are attracted to Esports,</p> <p>Factors that impact the effectiveness of Esports sponsorship,</p> <p>Challenges faced by Esports sponsorship,</p> <p>Measuring sponsorship's effectiveness,</p> <p>How non-endemic brands can make their Esports sponsorship more effective,</p> <p>Importance of sponsorship fit for Esports sponsorships,</p> <p>How negative perception of Esports impacts sponsors images,</p> <p>Esports fans loyalty,</p> <p>Importance of having a working relationship between the sponsor and the sponsored,</p> <p>How should sponsors select Esports teams for sponsorships</p>	<p>High</p>	<p>The high relevance topics are mostly centered around the factors that lead to a positive or negative impact on the sponsorships success in Esports. So Esports teams can use information on these topics to create digital strategies such that they promote the factors which positively impact sponsorships and then discourage the factors that negatively impact sponsorships. These high relevance topics are analyzed in detail and also pave the way for interview questions later on.</p>



<p>Growth of sponsors' confidence in Esports, Objectives of Esports sponsorship,</p> <p>Importance of image and values fit and synergy between the brand and the Esports teams for effectiveness of sponsorship,</p> <p>Importance of leveraging and activation in Esports sponsorships,</p> <p>Importance of incorporating relevant added value by brands for gaining better results from sponsorship investments</p>	Medium	These topics are more like facts and do not really provide a lot of significant material to be utilized in this study.
Growth of Esports as a medium of entertainment	Low	This topic is not relevant to this study.

*Table 3 : Literature Review Topics' Relevance With This Study*

These topics can be grouped into three buckets - Growth in sponsors' confidence on Esports, Objectives of Sponsorships in Esports and Factors that impact the effectiveness of Sponsorships in Esports. A table is presented below to show the number of articles which cover a specific broader topic.

<b>Topic</b>	<b>Number of articles focusing on that topic</b>
Growth in sponsors confidence on Esports	5
Objectives of Sponsorships in Esports	10
Factors that impact the effectiveness of Sponsorships in Esports	12

*Table 4 : Literature Review - Number of Articles Covering Various Topics*

### 3.2 Key Findings

In this section, the key findings from the literature review are presented. A table gives a short glimpse of the areas covered and then the topics found in this are discussed in detail. Later on, a summary of the findings is presented in the next section.

<b>Literature Review Subjects</b>	<b>Topics Covered</b>
Growth in sponsors confidence on Esports	<ul style="list-style-type: none"><li>● fastest growing digital entertainment</li><li>● rapid growth in revenue, viewership, audiences</li><li>● sponsorship revenue constantly growing</li><li>● entry of non endemic sponsors</li></ul>
Objectives of Sponsorships in Esports	<ul style="list-style-type: none"><li>● brand awareness, brand exposure</li><li>● reach huge audience</li><li>● convert Esports loyalty into brand loyalty</li><li>● access to a difficult to reach audience</li><li>● lower cost, lower entry barriers and higher returns</li><li>● flexibility in sponsorship</li><li>● better engagement with the consumers</li></ul>
Factors that impact the effectiveness of Sponsorships in Esports	<ul style="list-style-type: none"><li>● disreputable behavior brings bad press</li><li>● misconceptions and lack of awareness bring bad reputes</li><li>● sponsor event fit is important</li></ul>

	<ul style="list-style-type: none"> <li>● enhanced engagement between sponsors and Esports actors</li> <li>● Esports audiences' perception of sponsors</li> <li>● long term associations are critical</li> <li>● lack of measurement for sponsorships success</li> </ul>
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*Table 5 : Topics Covered in Broader Literature Review Subjects*

### **Growth in sponsors confidence on Esports**

Esports is one of the fastest growing forms of digital entertainment and is also one of the fastest growing markets overall. The viewership has been seeing a steady and rapid growth. One more interesting factor is that a major portion of Esports fans have very high spending power. All of these facts point to the enormous success and popularity of Esports and hence Esports is attracting several brands to sponsor it. (Freitas, Contreras-Espinosa & Correia, 2021a)

Sponsorship revenues in Esports have been largely driven by the increasing number of sports organizations who have diversified into the Esports industry. Sponsors have started recognizing the opportunities that Esports provide them to connect with young and tech centric consumers. Esports sponsors these days come from both endemic and non-endemic firms, that is there are both kinds of brands sponsoring Esports events - those whose products are directly related to Esports as well as those whose products are not directly related to Esports. The Esports industry has recently received overwhelming support from non-endemic brands. Sponsors have started to recognize the value of the core demographic of Esports consumers, that is consumers who are young and are passionate about competitive video gaming. The Esports audience contains some of the hardest to reach consumers. These include cord-cutters and cord-nevers who are individuals shunning traditional linear television programming for on-demand and streaming content. (Huettermann, Trail, Pizzo & Stallone, 2020)

In the past few years, sponsorship investments in Esports have strongly gone up which has made sponsorship the highest contributing stream to Esports revenue. These sponsorship investments are only expected to grow. The ever growing market size, revenue from sales, and the number of Esports fans and gamers

mean that Esports has now moved from a side sport to a highly lucrative industry. In recent years, more and more brands, which are not related to the Esports industry directly, have started sponsoring Esports. (Spielmann, 2020)

In the past few years, Esports has grown rapidly in terms of audiences and revenue. This growth has been monotonic and it is not expected to slow down in the near future. Because of this continuous growth, more and more brands are joining the Esports industry even if some of them may have a lack of knowledge and trust. (Ramirez, Duclos-Bastias & Schluter, 2021)

Esports budgets and earnings have significantly increased in the past years which has increased the level of involvement of corporate sponsors in Esports. (Charraud & Widell, 2019)

### **Objectives of Sponsorships in Esports**

Esports events are broadcasted live on the internet and gathers a multimillion audience which is an excellent marketing tool for promoting brands of companies. Esports audience is considered to be extremely loyal and engaged, with 95% of the fans able to recall at least one non-gaming related sponsor within Esports and this loyalty is something which the sponsors want to attain for their brands. Companies that use Esports today ensure they have a seamless reach to audiences aged between 21 to 35 anywhere in the world. Over almost half of the Esports viewers are watching Esports regularly. The average age of Esports viewers is 28 with 39% of the total audience in the age group of 25-34. More than half of the viewers hold a college degree and 55% are employed full-time. Energy drink companies like Red Bull and Monster Energy are sponsoring almost everything related to Esports since this market has access to their primary target audience. Factors such as constructing associative chains, brand image formation, and growing your customer base are relevant in Esports as well. It is important to note that not every company investing in Esports is waiting for a fast return on investment. (Denisov, 2020)

The most prolific reasons why companies sponsor Esports are brand image enhancement, sales, increased awareness levels, reaching specific target markets, building client relationships, gaining media exposure and differentiating the brand from competitors. (Wessels, 2018)

The major benefit of sponsorship is that it enables firms to dialog with specific target audiences in this fragmented mass market and achieve a wide range of brand objectives such as brand awareness, image, and sales. Many

companies from various industries attempt to achieve business goals through getting involved in Esports sponsorship since the Esports market is a high-potential market. Rising costs of advertising media, the ability to achieve various marketing objectives, the inefficiencies of traditional media and more media coverage of sponsored events make Esports a great investment platform. Some of the prime goals for companies to sponsor an Esports event include creating brand awareness, increasing brand loyalty, reinforcing brand image, stimulating sales, and entertaining clients. Another critical objective is to differentiate their brands or products from the competition. Sponsorship not only helps companies to dialog with end-users but also provides a platform which enables companies to communicate and connect with a wide range of audiences. High viewership numbers and a young and engaged audience are strong reasons to sponsor Esports events. Esports sponsorship can facilitate companies to enhance brand association and purchase intent of target audiences. (Chen, 2021)

Esports is becoming more popular as a spectator sport resulting in fans constant exposure towards marketing engagements. Esports industry has shown enormous potential for brands as it provides demographics that are difficult to reach through traditional marketing engagements. (Baldvinsson & Isopahkala, 2019)

There are 21 million Esports fans in the United States, of whom 83 percent are male and 84 percent under the age of 35. Esports is now the third most popular spectator sport for young men. 38 percent of US men under 25 years old are Esports fans. 10 percent of Esports fans report watching Esports over 20 hours per week. On the other hand, millennials are still fans of traditional sports but watch much less TV. Esports fans are even harder to reach on TV. Esports has the potential to be an even more powerful branding medium than traditional sports because of the interactivity of streaming. With live chat, contests, and subscriber only content, Esports fans can reach a level of intimacy with their favorite players and teams that traditional sports can't realistically match. (Singer & Chi, 2019)

Esports offers access to an audience who thrives on their passion for the sport, shows high engagement and involvement and seeks entertainment and excitement which makes them an interesting audience for marketing activations. The sponsor is free to choose where to place the company logo on a team's shirt because regulations and guidelines are less strict when compared to traditional

sport sponsoring. Esports sponsoring offers much higher ROI than traditional sports sponsoring. Esports offers a unique opportunity for advertising and global reach. Most Esports pro gamers and influencers (often used as brand ambassadors) have a huge social media follower base which reaches beyond just the gaming audience. Few entry barriers and low investment costs due to the growing stage of the industry makes it even easier to begin sponsoring Esports. Low cost opportunity to reach the valuable Esports audience is another attraction but this will not remain for much longer because the costs are going to go up as Esports becomes more and more popular. Esports provides sponsors an access to a hard to reach target audience. Esports gamers and viewers have an economic potential for sponsors because of their buying behavior. Esports fans are often on the look out for innovative products which offer the best Esports or gaming experience possible. (Spielmann, 2020)

The direct objectives of Esports sponsorship concentrate on increasing interest in the company as well as the products and therefore simply on increasing sales. The indirect objectives consist of increasing awareness, achieving the same level and outperforming the competition, expanding to new target markets, building relationships with consumers as well as building the company's brand image. (Ramirez, Duclos-Bastias & Schluter, 2021)

Esports is very lucrative since its fanbase is large, young and passionate. But it is tough to reach this audience as this demographic increasingly distances itself from traditional communication methods like cable TV and starts adopting more online media platforms. Esports sponsorships provide access to this audience. (Goncalves, 2021)

The benefits of Esports sponsorship include return on investment, enhanced image, driving sales, enhanced positive exposure, differentiation from competitors etc. The average esports viewer is a young male aged between 21 and 35 years old, is gainfully employed and has an above average income. Sponsors can reach younger demographics that, historically, have been hard to reach previously. The 'degree of individualization' is also much higher as sponsors can place their logos on a wider range of places when compared to traditional sports. (Charraud & Widell, 2019)

Esports teams provide the sponsors with opportunities to connect with audiences within as well as outside esports match environments. The pure scale and reach of these teams is often attractive to potential sponsors because with a single partnership, a brand can reach Esports fans across a number of different titles.

Brands are able to leverage the team's adaptability to stay on trend with new Esports games. Esports teams are able to leverage their players' livestreaming to drive additional value for partners via a variety of engagements and activations. (Nielsen, 2019)

### **Factors that impact the effectiveness of Sponsorships in Esports**

Disreputable behavior entails risks. There is always the threat of some kind of disreputable behavior tainting the sponsor's brand image. These dishonorable acts may originate either from the event participants or from the spectators themselves and it is pretty hard to prevent them. It is common for the fans' perceptions of the sponsors to worsen due to negative brand image transfer. Several brands have already had their image damaged due to sponsoring Esports, and this was mainly because of the brands' unawareness of Esports' problems with disreputable behavior. Toxic behavior has already become quite common during offline tournaments and is promoted by the extreme competitiveness of the scene, by the high dependence on teamwork and by the anonymous nature of the internet. Sexism is another problem. Esports scene has largely been filled by male pro players and women in Esports have to endure several issues like discrimination, gender inequality, sexualization, abusive or offensive language, heckling, and harassment. Illegal and unregulated gambling is a big problem as well. It puts the well being of Esports at risk as it attracts a lot of negative press. Match fixing too has invaded Esports and has caused several scandals and hence have caused severe damage to Esports and the associated sponsors. (Freitas, Contreras-Espinosa & Correia, 2021a)

Sponsor event fit has the strongest impact on the attitude towards the sponsor. It is followed by sponsor team fit, sponsor player fit and finally sponsor endorser fit. Consequently, it is important for sponsorship managers in Esports to correctly analyze the domain specific sponsor fit construct to ensure the highest possible sponsorship effectiveness. (Forster, 2019)

Gaming in modern society is still being poorly perceived and not openly recognised as a sport. Most important factor in Esports is the passion of its several actors. In sponsorship, it is believed that a brand must leverage the sponsorship agreement with additional spending or the brand will risk wasting the initial investment. By limiting engagement, non-endemic companies may not align their brands or products with the Esports experience. Companies can

make themselves more attractive to this market when they start participating in enhancing the performance of the esports experience. Sponsors rely on very few techniques to measure the value created through the sponsorship. The key challenge in sponsorship remains the measurement on the outcome of the sponsorship. The rise of social media in sponsorship is one of the most important trends and social media interactions can be tracked and provides the measurement which is currently lacking within Esports sponsorships. Actors within Esports work towards mutual benefits and hence the relationship between the sponsor and the sponsee needs to be good in order to create value. Trust is key to building long lasting sponsorship relations within Esports. As a brand sponsor in Esports, it is very important to understand the value of specific Esports assets. An overall knowledge of the Esports landscape can help the brand to be successful in sponsoring within Esports. Social media is key in communicating with the Esports community. (Wessels, 2018)

Due to the fierce competition of sponsorship money and tightened economy, evaluating sponsorship effectiveness has become the central interest for many companies. One of the main predictors of purchase intent are brand association and sponsor event fit. If consumers feel positive toward sponsors or recognize the motivation of sponsors for participating in the event, they are more likely to form an overall image as well as meaning of the sponsor's brand in their minds. When consumers perceive sponsor and event as a good match, they will more easily form a brand association in their mind and even be more likely to purchase the sponsor's product afterwards and this highlights the importance of sponsor event fit for sponsors. Enhancing brand association in Esports sponsorship is vital for increasing consumers' intent to purchase a sponsor's product. Marketers are recommended to shift their focus on investing time and money in leveraging Esports sponsorship to build a strong, favorable and unique association of the brand in the consumer's mind. Brand association can be developed and reinforced through advertising, co-branding campaigns, interactive activities, endorsement or any other marketing communication tool before, during and after the event and that help fans to remember and visualize the value proposition of the sponsor's brand. When selecting Esports sponsorship, managers do not necessarily need to sponsor many major Esports tournaments. Instead, the essential principle is to choose a suitable one which will be relevant and congruent to their brands. (Chen, 2021)



Esports consumers are highly critical of sponsors they perceive as trying to exploit them, particularly among the growing ranks of non-endemics seeking to connect their brand with the Esports industry. And hence, interested non-endemic sponsors must recognize the new and complex rules governing their marketing decisions in the realm of Esports. Esports industry experts emphasize that non-endemic sponsors need to approach the industry with caution. Non-endemic sponsors should recognize that promotional activities related to sponsorship activation should emphasize how their brand can resonate with Esports consumers. Non-endemic sponsors seeking to capitalize on Esports should build sponsorship activation programs which focus on connecting their brand with customer motives. Simply generating generic marketing messages that fail to connect what a company and its brand stand for in relation to Esports gameplay is not a viable marketing strategy. Non-endemics can benefit from sponsoring Esports events through increased goodwill and purchase intentions. The brand of an Esports team has little direct impact on the attitude toward the sponsor's product which is a good news for smaller sponsoring organizations because they can benefit from sponsoring lesser known Esports teams via enhanced consumer perceptions and good-will, particularly if these Esports teams are from a target market of the sponsor. (Huettermann, Trail, Pizzo & Stallone, 2020)

Organizations entering Esports in the form of sponsorships cannot simply just assemble the whole Esports scene under one sponsorship banner. It is about creating relevance towards the specific game genre, creating authenticity, separate targeting and different communication strategies. The positive attitude of the sponsorship fit are based on the fans perception of the sponsor through their involvement in helping the industry to grow. Due to the youngness of the Esports industry, fans do not base their sponsorship fit perceptions on individual Esports teams they follow. They base it rather on the whole Esports industry as one team. Esports fans perceive sponsors as more credible if the sponsors have been engaged in the Esports scene for a longer period of time. The intentions of the sponsorship has to be connected by other means than only being present, as the fans perceive the sponsors being more credible through their engagement with Esports in tangible or intangible ways. They perceive sponsors more credible if the commitment of the sponsors to the Esports scene is evident such as through active engagement with the audience. (Baldvinsson & Isopahkala, 2019)

Gaming is still negatively perceived by some. This negative public perception is so infamous that it has created a cultural barrier for Esports. It is not unusual to see video games being accused of inciting aggressive behaviors and of leading to addiction. Video games and Esports are still seen as belonging to a nerd culture. This negative stigma is a challenge for the Esports industry because the negative image that society and the media give to videogames may spread and in turn negatively affect not only Esports' image but also the image of Esports sponsors. It is important to note that the media can greatly influence the acceptance of Esports. (Freitas, Contreras-Espinosa & Correia, 2019)

Esports fan loyalty is split among teams, pro players, and independent streamers. More avid fans follow their favorite players in their favorite games with less concern about the fact that for which pro team (if any) those players and streamers belong to. (Singer & Chi, 2019)

Since Esports is a highly emotional sport that needs a strong fan culture, a poorly managed brand image has a direct effect on the perception of the team and can reflect on the cooperation with partners and sponsors. Sponsors need to see the fit in terms of brand image and brand values to consider a cooperation with the respective team. In addition to the image of the brand, the players' image needs to be in line with it as well. The players' bad behavior does not only fall back on the Esports team but also falls back on the respective sponsor. Good synergy between the sponsor and the team is the key to transfer common values and image to the target audience. The sponsor and the sponsored need to have a similar image from the start, since it is harder if it does not match beforehand. (Ramirez, Duclos-Bastias & Schluter, 2021)

Sponsors have trouble measuring the success of their sponsorship and have to rely on very few techniques about how to measure the value created by the partnership. To maintain a working relationship between the sponsor and sponsored, it is needed to have open discussions if any trouble arises. (Korpimies, 2017)

The concept of authenticity should be applied to the way a brand communicates and presents its products or services related to Esports. Sponsoring an Esports activity without having a connection to it can be inefficient since the audience's response to the sponsorship activation is swayed by the perceived synergy between the sponsored activity and the sponsor. An audience can infer various motives from sponsorships. Sponsorship in Esports is becoming more and more cluttered, and the usual sponsor brand logo on the screen during

a live tournament or on merchandise is not enough to guarantee success. Sponsorship leveraging is known as the additional money the brand spends beyond the sponsorship deal in order to engage the audience with the brand itself. Sponsorship activation goes further and encourages customer interaction with the sponsor and two-way communication. Leveraging has become indispensable in reaching planned communication objectives these days. Activation campaigns need to be planned and applied carefully so as not to negatively impact the goodwill that sponsorship usually brings to the sponsoring brand. Because of the audience's sensitivity to egoistic sponsorships, sponsors are now including benefits to sponsorships that the audience can enjoy. These benefits can be financial, symbolic or social. If a sponsor seems important to the team, Esports fans are thought to have a more positive attitude toward the sponsor which shows that authenticity is the key to capture this very demanding target audience. Relationships that last in the long term are more prone to relationship and branding recall (Goncalves, 2021)

It is important that brands incorporate relevant added value into their Esports sponsorships. Creation of relevant added value is an essential strategy for successful Esports sponsorships and the large majority of fans want sponsors to apply this tactic. The fans prefer that sponsors focus on directly supporting the Esports industry. Brands should incorporate relevant added value into their Esports sponsorships as it greatly decreases fan resistance to the promotional message, catches the fans' attention and promotes engagement. It has a much higher probability of leading to high positive return on investments (ROIs) and makes for a much more cost effective investment. (Freitas, Contreras-Espinosa & Correia, 2021b)

Sponsorship fit is more important for Esports than traditional sports as the demographics of traditional sports are much more varied than the demographics of Esports, and so Esports consumers are more critical in terms of what types of products they want to see being marketed at Esports events. Also, long term sponsorships help influence the perceptions of the brand because long term exposure can alter attitudes of consumers over time. Sponsors must also decide on an appropriate level of sponsorship - consumers would not be too pleased if there are advertisements being played in the middle of the game as it disrupts the flow for the consumers and a lot can happen in a short time in Esports and no one wants to miss the action because of an advert. consumers pay more attention to the teams / players that win and subsequently, the gear and

equipment they won with. It is important to select teams and/or players that reflect the identity of the brand, thereby increasing a consumer's perceived fit between the sponsor and the sponsee. Sponsors should also aim to sponsor teams or players that are of high popularity so as to expose the sponsor's offerings to as many viewers as possible. (Charraud & Widell, 2019)

### 3.3 Key Findings Summary

So the most crucial findings of the literature review can be summarized as below:

- There has been a considerable growth in the confidence of brands on sponsoring Esports
  - Esports is one of the fastest growing arm of digital entertainment
  - there has been a rapid growth in revenue, viewership, audiences etc in Esports
  - sponsorship revenue for Esports has been seeing a constant increase
  - a lot of non endemic brands have started entering the Esports sponsorship scene
  
- Some of the top objectives for sponsoring Esports are
  - opportunity to create brand awareness, gaining brand exposure, differentiating from the competition
  - ability to reach a multi million scale audience
  - be able to convert the loyalty of Esports fans into loyalty for the brands
  - a target audience which is extremely loyal but utterly difficult to reach through traditional ways
  - a target audience which in general has a high income and purchase potential and is more observant
  - lower cost, lower entry barriers and higher returns as compared to traditional sponsorships
  - more flexibility in sponsorship methods as compared to traditional sponsorships
  - more ways to engage with the consumers during the event as compared to traditional sponsorships

- Finally, some of the most important factors which impact the effectiveness of sponsorships in Esports are
  - disreputable behavior from Esports actors brings bad press
  - misconceptions and lack of awareness about Esports bring bad reputation
  - sponsor event fit is important for ensuring the fans that sponsors are not exploiting them
  - enhanced engagement between sponsors and Esports actors improve sponsors' authenticity
  - Esports audiences' perception of sponsors intentions are important in determining success
  - long term associations are critical to build trust
  - lack of measurement for value created through sponsorships remains a challenge

As can be seen, there are quite a few topics which are covered in the above articles. In order to keep the recommendations precise, only the most important areas are focused on.

The most covered topic in the literature review is around factors that impact the effectiveness of Sponsorships in Esports. And so this topic is prioritized and focused on. Also, this topic directly relates to our study and provides us an answer to the “*what*” sub question for our research.

### 3.4 Important Factors

From the literature review, it is seen that there are some factors which directly impact the effectiveness of sponsorships in Esports. Some of these factors are more important than the others and have received more attention in the existing literature. The below table covers the factors and the number of articles covering those factors.

<b>Factor</b>	<b>Articles Talking About The Factor</b>	<b>Number of Articles</b>
Disreputable Behavior	(Freitas, Contreras-Espinosa & Correia, 2021a)	1
Lack Of Awareness	(Freitas, Contreras-Espinosa & Correia, 2019)	1
Sponsor Event Fit	(Forster, 2019), (Chen, 2021), (Ramirez, Duclos-Bastias & Schluter, 2021), (Charraud & Widell, 2019), (Baldvinsson & Isopahkala, 2019)	5
Enhanced Engagement	(Wessels, 2018), (Chen, 2021), (Freitas, Contreras-Espinosa & Correia, 2021b)	3
Audiences' Perception Of Sponsors Intentions	(Chen, 2021), (Baldvinsson & Isopahkala, 2019), (Goncalves, 2021), (Huettermann, Trail, Pizzo & Stallone, 2020)	4
Long Term Associations	(Baldvinsson & Isopahkala, 2019), (Goncalves, 2021), (Charraud & Widell, 2019)	3
Lack Of Measurement	(Wessels, 2018), (Korpimies, 2017)	2

**Table 6 : Factors Impacting Esports Sponsorships and the Number of Articles Covering Them**

From the above table, the most important factors were identified as the Sponsor Event Fit, Audiences' Perception Of Sponsors Intentions, Enhanced Engagement and Long Term Associations. And so, these factors are extremely important in giving direction to the digital strategies which Esports teams need to create.

Before proceeding to discuss these factors in detail and what these mean for Esports teams, it is important to understand if these factors are complementary to each other or are counter-intuitive to each other. According to (Baldvinsson & Isopahkala, 2019), the positive attitude of the sponsorship fit is based on the fans perception of the sponsor through their involvement in helping the industry to

grow. This shows that the audiences' perception of sponsors intentions is positively correlated to sponsor event fit - if perception is positive, the fit is considered good. According to (Baldvinsson & Isopahkala, 2019), fans perceive the sponsors being more credible through their engagement with esports in tangible or intangible ways. This means that the perception depends on quality engagement and effective Esports association. According to (Baldvinsson & Isopahkala, 2019), Esports fans perceive sponsors as more credible if the sponsors have been engaged in the esports scene for a longer period of time. This means that quality engagement often comes from long term associations. To summarize, the four factors identified above are related to each other and boosting effectiveness in one will have a positive effect on others. This is an important piece of information for creating digital strategies because this ensures that any digital strategy element targeted towards improving one of the factors will not hamper the progress made by the element targeting improvement of another factor.

In the below sub-sections, these four factors are discussed in detail. In addition to that, it is discussed how interviews can be used to get information about weaving up digital strategies around these factors.

### Sponsor Event Fit

According to (Forster, 2019), sponsor event fit very strongly impacts the kind of attitude which audiences have towards the sponsor. According to (Chen, 2021), sponsor fit is an important predictor of purchase intent. According to (Ramirez, Duclos-Bastias & Schluter, 2021), the fit in terms of brand image and brand value is very important to derive value from the partnership with teams. Along with them, the player's image is equally important. The images need to have synergy right from the start. According to (Charraud & Widell, 2019), sponsorship fit is more important in Esports than in traditional sports because Esports has a much more narrow demographic. Esports consumers are more critical in terms of what types of products they want to see being marketed at esports events. According to (Baldvinsson & Isopahkala, 2019), the positive attitude of the sponsorship fit is based on the fans perception of the sponsor through their involvement in helping the industry to grow. And hence this presents opportunities for Esports teams

to identify sponsors with better fit as well as help sponsors have more synergy with Esports.

### Audience's Perception of Sponsors Intentions

According to (Chen, 2021), if consumers feel positive toward sponsors or recognize the motivation of sponsors for participating in the event, they are more likely to form an overall image as well as meaning of the sponsor's brand in their minds. According to (Baldvinsson & Isopahkala, 2019), fans perceive the sponsors being more credible through their engagement with esports in tangible or intangible ways. They perceive sponsors more credible if the commitment of the sponsors to the esports scene is evident such as through active engagement with the audience. According to (Goncalves, 2021), because of the audience's sensitivity to egoistic sponsorships, sponsors are now including benefits to sponsorships that the audience can enjoy. These benefits can be financial, symbolic or social. According to (Huettermann, Trail, Pizzo & Stallone, 2020), Esports consumers are highly critical of sponsors they perceive as trying to exploit them. Brands should build sponsorship activation programs which focus on connecting their brand with customer motives. And so, Esports teams have opportunities to help sponsors offer more value to the consumers through various digital channels.

### Enhanced Engagement

According to (Wessels, 2018), brands should have increased engagements with Esports customers to better align their products with the Esports experience. By contributing to enhancing the performance of Esports experience, brands can make themselves more attractive to the customers in this industry. According to (Chen, 2021), enhancing brand engagement is crucial for increasing a customer's purchase intention. Brands should invest time and money to build a strong and favorable association of the brand in the customer's mind. According to (Freitas, Contreras-Espinosa & Correia, 2021b), brands should incorporate relevant added value into their esports sponsorships as it greatly decreases fan resistance to the promotional message, catches the fans' attention and promotes engagement. And so, Esports teams again have opportunities to add a lot of value by enhancing the experience of Esports audiences.



## Long Term Associations

According to (Baldvinsson & Isopahkala, 2019), Esports fans perceive sponsors as more credible if the sponsors have been engaged in the esports scene for a longer period of time. According to (Goncalves, 2021), relationships that last in the long term are more prone to relationship and branding recall. According to (Charraud & Widell, 2019), long term sponsorships help influence the perceptions of the brand because long term exposure can alter attitudes of consumers over time. So the message here is straightforward - Esports teams need to provide an environment which is conducive to long term relationships with sponsors.

## 3.5 Literature Review Conclusion

The objective of literature review was to answer the research sub question 1 i.e. to identify the factors that impact Esports sponsorships in a positive or negative way. And based on the literature review, the factors identified are: sponsor event fit, audiences' perception of sponsors intentions, enhanced engagement and long term associations. A better fit between sponsors and Esports adds significant value to sponsorships. A good perception of sponsors' intentions from the audience side greatly improves the benefits sponsors derive out of sponsorships. Better engagement with Esports audiences and long term association with Esports are looked at as very positive signs for sponsorships.

In section 2, it is mentioned that Esports is a digital industry and hence each Esports team has a lot of room to use digital technologies to achieve better results. It was also mentioned that some of the digital technologies that are available at the disposal of the modern world include social media, artificial intelligence, big data, data analytics etc. If the information presented in section 2 and section 3 is combined, then it can be readily seen that there are opportunities to create a digital strategy using digital technologies. And there are objectives to be fulfilled using those strategies. And so the focus of the research now is shifted to the combination of the digital strategy and the factors that impact Esports sponsorships. This is precisely the objective of the research sub-question 2. In order to answer that, expert interviews are used. The questions for the interviews are derived from the conclusion of section 3.

## 4. Expert Interviews

### 4.1 Interview Questions

Expert interviews are used to get the answer to the research sub-question 2. As mentioned in the previous section, the interview questions are derived from the conclusion of the literature review in section 3. From the literature review, it was concluded that there are four important factors that impact Esports sponsorships and the interview will focus on a combination of digital strategy and these four factors.

Esports teams need to identify sponsors with better fit as well as help sponsors improve their fit to Esports events. Esports teams need to find ways to improve the perception of sponsors. Esports teams also need to help sponsors sustain their Esports association and improve their engagement with Esports audiences. If these objectives are looked in combination with digital strategy, then the questions to be asked to the interviewees would be:

- How can Esports teams use digital technologies such as Data Analysis and AI to identify sponsors with better fit?
- How can Esports teams improve their own image as well as ensure the same for their players and how can digital technologies such as Social Media and Big Data be utilized for the same?
- Is there a way in which non endemic sponsors (sponsors whose products are not directly related to Esports) can enjoy a better sponsor event fit and what role can Esports team play in the same?
- How can Esports sponsors have more tangible engagements with Esports and Esports audiences? And how can Esports teams support sponsors in this?
- What are some ways in which Esports teams can allow more active engagements between the audiences and the sponsors? What are some digital technologies which can be used by Esports teams for the same?
- How can Esports teams use the combination of social media, Big Data Analysis and AI to identify customer motives and help sponsors provide more value and benefits to the customers?

- What are some ways in which Esports teams and organizations improve the overall Esports experience for their audiences? What kind of a role can digital technology play in the same?
- How can Esports teams come up with promotional strategies for sponsors that catch fans' attention and how can digital technology be utilized for the same?
- What factors prevent sponsors from engaging with Esports teams for the long term? How can those factors be handled using digital technologies?
- How can Esports teams make long term partnerships more rewarding for sponsors and how can digital technologies be utilized for the same?

#### 4.2 Interview Responses

In this section, the interview responses are captured. Since few questions are overlapping, few interviewees combined their answers for those questions. Also, not all interviewees answered all the questions. Sometimes, the interviewee said that they do not have much idea about some of the topics and so would not be able to answer questions related to those topics.

Here we present the summary of responses from each interviewee.

<i>How can Esports teams use digital technologies such as Data Analysis and AI to identify sponsors with better fit?</i>	
<b>Danielle</b>	Use marketing data, twitch views data, social media interactions to identify what resonates. Use various platforms to let sponsors know about teams and their values and see which sponsors company goals resonate the most with the team.
<b>Ben</b>	Use all the data points that a team can have - user data, user behaviors, likes and dislikes, etc to create a profile for users and what they like and then see which brands have an offering that really syncs with that.

*Is there a way in which non endemic sponsors (sponsors whose products are not directly related to Esports) can enjoy a better sponsor event fit and what role can Esports team play in the same?*

<b>Danielle</b>	What appealed to me was that a chips brand had the image of a popular esports player on their wrapper. That attracted me because I am an ardent esports fan.
<b>Ben</b>	Brands should put more trust in teams and let teams guide the strategy because teams know their audience better.

*How can Esports sponsors have more tangible engagements with Esports and Esports audiences? And how can Esports teams support sponsors in this?*

<b>Seth</b>	Building venues for gaming is a way to make deeper consumer connections that engenders loyalty in local communities.
<b>Danielle</b>	Audiences want to engage with players but teams need the players to be focused on the games primarily. Sponsors can help the audiences with ideas to help them achieve their dream of being a player. They can launch campaigns like a day in the life of a player - have interviews with players, shadow players, see what they do etc. So finding ways to connect with the fans - limited merchandise jobs, badges on twitch profiles, digital indicators of some kind - allowing fans to connect with the brand and make them feel that they are the part of the brand is important.
<b>Ben</b>	Mini contents with some personalities can be created and then can be shared with the target audience. These are creative ways to engage with the audience outside of the tournaments.

*How can Esports teams use the combination of social media, Big Data Analysis and AI to identify customer motives and help sponsors provide more value and benefits to the customers?*

<b>Ben</b>	We can do sentiment analysis using NLP and stuff to see what customers are saying about the campaigns we are running and that can really help to identify motives.
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*What are some ways in which Esports teams and organizations improve the overall Esports experience for their audiences? What kind of a role can digital technology play in the same?*

<b>Seth</b>	A link to a brand will be stronger when it is based on many experiences or exposures to communications, rather than few. It will also be stronger when it is supported by a network of other links. Thus, if the link between kids and McDonald's were based only on some ads showing kids at McDonald's, it would be much weaker than if the link involved a complex mental network involving birthday-party experiences at McDonald's, Ronald McDonald, McDonald's games, and McDonald's dolls and toys. Esports spectator experience can be improved greatly by the inclusion of professional commentators who provide an overview of in-game outcomes as well as appropriate game pacing and highlighting hidden objects or events unique to the video games utilized.
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<b>Danielle</b>	Finding ways to make it new and interesting is important. Probably provide them more insights into the inside workings of an esports team and organization. Sharing this through various channels can have a ripple effect. Making small videos of professional players congratulating younger players on their games is another example which has a great impression.
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<b>Ben</b>	We have to ask the audience. It has to be trial and error. In-game activations are very interesting. Metaverse is extremely interesting. With in-game, it has to be done right. Having an ad right in the middle of the game screen might
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	not be a good idea.
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<i>How can Esports teams come up with promotional strategies for sponsors that catch fans' attention and how can digital technology be utilized for the same?</i>	
<b>Danielle</b>	In-game chatbots are really useful. Putting ads in games may not be the best idea because people subscribe for watching and they do not really want to watch ads perhaps and so companies have to be careful that they are using new technologies like chatbots. Having limited edition merchandise and then having online sales during very specific times is again something which brands can use.
<b>Ben</b>	People like free stuff. Having some unique content is the key. Fun and free stuff are very useful.

<i>What factors prevent sponsors from engaging with Esports teams for the long term? How can those factors be handled using digital technologies?</i>	
<b>Ben</b>	Some brands that got in early and thought they did not get enough return quickly and so they left. So the type of contents around which brands would advertise was also something the brands were wary about. For example - brands would not associate with killing games when there is blood on screen etc. But that is getting cooled down to some extent now. They have to find the right partner teams that share their image.

### 4.3 Interview Responses Analysis

One thing which is immediately clear is that this area is still pretty unexplored. Hence, not a lot of responses were received. Some interviewees such as *Seth Jenny* did not answer the questions but shared a list of relevant literature to explore. Most of those have already been considered in the literature review.

Since not a lot of responses were received, the analysis of the responses are based on sparse data (the responses received in the interviews).

In order to do this analysis, as per the Miles and Huberman framework (Miles & Huberman, 1996), the first step is data reduction. Data reduction refers to having crisp and reduced information from the raw interview responses received. So a table is created here which contains the various questions asked and the reduced form of the responses received.

Question	Response
<i>How can Esports teams use digital technologies such as Data Analysis and AI to identify sponsors with better fit?</i>	<p><b>Danielle</b> - use marketing and streaming data to identify what works, connect with community to share their goals and find partners with synergies</p> <p><b>Ben</b> - use all data to create user profiles and find sponsors offering synergies with users likes</p>
<i>Is there a way in which non endemic sponsors (sponsors whose products are not directly related to Esports) can enjoy a better sponsor event fit and what role can Esports team play in the same?</i>	<p><b>Danielle</b> - have esports personalities as brand ambassadors</p> <p><b>Ben</b> - brands should let teams decide strategies and have faith</p>
<i>How can Esports sponsors have more tangible engagements with Esports and Esports audiences? And how can Esports teams support sponsors in this?</i>	<p><b>Seth</b> - build venues for games to tap into esports fans loyalty</p> <p><b>Danielle</b> - help fans with their own skill developments for esports, allow fans to connect with their favorite esports personalities, have them connect to the brand through campaigns</p> <p><b>Ben</b> - sharing contents outside of esports games is crucial</p>
<i>How can Esports teams use the combination of social media, Big Data Analysis and AI to identify</i>	<p><b>Ben</b> - Use sentiment analysis using AI (NLP) to see which campaigns fans like and which they do not and accordingly</p>

<i>customer motives and help sponsors provide more value and benefits to the customers?</i>	create strategies
<i>What are some ways in which Esports teams and organizations improve the overall Esports experience for their audiences? What kind of a role can digital technology play in the same?</i>	<p><b>Seth</b> - provide more than one instance of better experience as it's not a one time thing, use professional commentators to further increase the excitement level</p> <p><b>Danielle</b> - provide the fans insights into the internal workings of an esports team, have contents created by professional players and share with the fans</p> <p><b>Ben</b> - audience feedback is important, has to be trial and error, utilize metaverse, have proper ad placement on the screen</p>
<i>How can Esports teams come up with promotional strategies for sponsors that catch fans' attention and how can digital technology be utilized for the same?</i>	<p><b>Danielle</b> - in game chatbots, limited edition merchandise, proper ad timing and placement, well timed merchandise sales</p> <p><b>Ben</b> - provide fun and free stuff</p>
<i>What factors prevent sponsors from engaging with Esports teams for the long term? How can those factors be handled using digital technologies?</i>	<p><b>Ben</b> - find right teams to share their image, don't lose trust when there is no immediate return, don't have too much sensitivity in terms of contents of the games</p>

**Table 7 : Interview Response Analysis - Data Reduction**

The next step in the analysis is Data Display. So the table below lists down all the various ideas suggested for various objectives. The columns represent objectives and the rows represent ideas. The interviewees using integers -

- Ben : 1
- Daniel : 2
- Seth : 3

The values are indicative of which interviewee is in favor / against that idea for that objective. For example, a value such as “(+):1,3 & (-): 2” represents that interviewee 1 (Ben) and 3 (Seth) were in favor while interviewee 2 (Daniel) was against that idea for that objective. Similarly, a value such as “(+):2” represents



that interviewee 2 (Daniel) was in favor of that idea for that objective. The other interviewees did not talk about that idea.

<b>Idea / Objective</b>	<b>Identify sponsors with better fit</b>	<b>Non endemic sponsors can enjoy better fit</b>	<b>Sponsors to have more tangible engagements with esports</b>	<b>Identify customer motives</b>
Use data	(+):1,2			(+):1
Connect with community	(+):2			
Esports personalities as brand ambassadors		(+):2		
Let teams decide strategies		(+):1		
Have faith on teams		(+):1		
Build venues			(+):3	
Help fans develop skills			(+):2	
Share content outside games			(+):1	
Sentiment analysis				(+):1
Share content created by esports			(+):2	

professionals				
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*Table 8a : Interview Response Analysis - Data Display*

<b>Idea / Objective</b>	<b>Improve overall esports experience</b>	<b>Promotional strategies to catch fans attention</b>	<b>Factors preventing sponsors from long term associations</b>
Have faith on teams			+
Use professional commentators	(+):3		
Provide insights to fans	(+):2		
Share content created by esports professionals	(+):2		
Utilize metaverse	(+):1		
Proper ad placement	(+):2		
In game chatbots		(+):2	
Limited edition merchandise		(+):2	
Proper ad timing		(+):2	
Well timed merchandise		(+):2	

sales			
Provide free stuff		(+):1	
Don't be too sensitive to games contents			(+):1

*Table 8b : Interview Response Analysis - Data Display*

The last step of the analysis is about drawing conclusions. As can be seen from the above table, there are quite a few ideas which have been shared by the interviewees to attain various objectives. A brief summary is presented below.

#### 4.4 Interview Conclusion

From the interview response analysis, some meaningful insights about the potential use of digital technologies are found. This section captures them briefly.

- Use data to identify better sponsor fit

In order to identify sponsors with better fit, use of data is important. Data from marketing channels, streaming platforms etc can be utilized to identify which campaigns for which sponsors work with the audiences. Marketing channels would provide data about how a user reacted to a particular campaign while streaming platforms can provide data about how a user reacted to ads of various products. And that way, sponsors with better synergies can be identified. This also helps to identify which sponsors connect better with the Esports communities.

- Engage esports personalities to have enhanced appeal

For non endemic sponsors, it's important to have faith in teams and let the teams decide strategies because they know the audiences well. Also, a good idea is to have well known esports personalities listed as brand ambassadors and appear on their products so that it appeals more to the esports fans.

- Personalized engagements with audiences

In order for sponsors to have more tangible engagements, sponsors need to do much more than simply sponsoring events. Some things like building esports venues, engaging with audience in building esports skills, providing them a closer look into the esports systems, promoting personalized connections with famous esports personalities etc can be very useful.

- Use social media

With social media, users share a lot of data online. That data can be used to do sentiment analysis and find out what the users are thinking about a particular sponsor. Social share of voice and social sentiment are social media metrics that track the feelings and attitudes of users. This way, customer motives can be identified and relevant strategies can be created for targeting various groups of customers.

- Build excitement using innovative technologies

In order to provide a better overall experience to the audiences, new things can be tried such as having professional commentators who can up the excitement level and can also describe the various phases of the games to the audiences. Also, users would love it if the teams can provide for more personalized connections between the audience and the esports players. Proper ad placement is very important to ensure a good experience, Nobody likes to see an ad right in the middle of the screen while gameplay is on. Innovative technologies such as metaverse can be used to provide up, close and personal esports experiences for fans.

- Build eye catching promotional strategies

Sponsors and teams can use a variety of options to create eye catching promotional strategies. In game personalized chatbots can be very useful. Also, given the extreme passion fans have for esports, some limited edition merchandise can be launched. Ads have to be placed strategically and the timing of the ads as well as any merchandise sale has to be well thought out. In general, free stuff would always attract attention.

- Be patient

Similarly, it is important for the sponsors to not be disheartened by lack of immediate returns. Esports sponsorship needs time to generate returns as it takes time to build the trust between the fans and the brands. Sponsors should trust the teams and also not be too sensitive about the contents of the game.

## 5. Conclusion

The interviews provided some very good insights about some of the things that Esports teams need to focus on in order to enhance the value addition they bring to the Esports sponsors, as mentioned in section 4.4. Similarly, the literature review provided some interesting insights on the factors that can really help Esports teams enhance their chances of getting more sponsors, as mentioned in section 3.4. In this section, to conclude this research, both these groups of insights are analyzed together to come up with few practical recommendations which can be employed by the Esports teams to add more value to their partnership with Esports sponsors, consequently increasing their chances of getting more sponsorships.

### 5.1 Sponsors' Fit

Sponsors are there in Esports to get consumers for their products. According to the literature (section 3.3), a good fit in terms of brand image and brand value is critical to derive that value. It is also seen that sponsorship fit is based on the fans perception of the sponsor's intention - are they really helping the Esports industry or are they merely exploiting them. And according to the interviews (section 4.4), sponsor fit can be identified using various forms of data - marketing channels data, streaming platforms, social media etc.

These ideas can be extended to form some meaningful recommendations for Esports teams to take in order to identify sponsors with better fit.

**Recommendation 1:** Esports teams can use data from social media to understand the fans' sentiments towards particular sponsors to identify which sponsors are perceived in what way by the fans. Social media metrics like social share of voice (how many people are talking about the sponsor) and social sentiment (the conversation about the sponsors are positive or negative) can be used for it. This can act as a filter to avoid sponsors who are perceived negatively.

**Recommendation 2:** Esports teams can also help their sponsors to have more tangible engagement with Esports, such as creating Esports training programs,

virtual stadiums or launching Esports awareness campaigns etc. These activities can then be promoted extensively on social media and other marketing channels to get more and more attention. The initiatives show that the sponsors are not there just to get customers for their products but are really involved in the Esports scene.

## 5.2 Enhanced Engagement

According to the literature, sponsors need to enhance their engagement with Esports fans to make themselves more attractive to the fans. And according to the interviews, this can be achieved by providing the fans a chance to have a closer look into the Esports ecosystem, their favourite teams, players etc. Also, some ideas mention that more and more innovative and personalized additions should be made to really catch fans attention.

So these ideas can then be enhanced to create some recommendations for Esports teams to increase their engagement with fans.

**Recommendation 1:** Data driven companion apps can be developed by Esports teams to provide the fans a more personalized experience of data driven content that adapts to the needs and interests of individual viewers. This would enable various forms of engagements, for example, comparing professional performance with each individual viewer's personal performance to give individualized insights and coaching tips.

**Recommendation 2:** Esports teams can also try and develop in-game chatbots which can interact with fans on various aspects of the game being played - analysis, predictions, past statistics etc

**Recommendation 3:** In-game ad placement should also be data driven. Esports teams should use past clickstream data for each user to identify user behaviour based on the on screen location of ads, types of ads etc. This would help the teams identify an optimum and personalized way of ad targeting for users and will greatly increase user experience.

### 5.3 Long Term Associations

According to the literature, sponsors are perceived more credible if they associate themselves with Esports for longer periods of time. This not only helps the sponsors winning customers trust but also helps Esports teams with prolonged sponsorships. According to the interviews, Esports sponsorships need time to generate revenue and so sponsors should not get disheartened by lack of quick returns.

And so we can create another recommendation here.

***Recommendation 1:*** Esports teams should use historical ROI time series data from the industry and their own historical sponsorships stats to educate the sponsors about the typical returns cycle for Esports sponsorships. They should be able to show with sufficient confidence the expected returns with time and should encourage the sponsors to focus on long time returns.

The recommendations made in this section combine the information present in the available literature with insights derived from the interviews and are aimed at providing the Esports teams a practical sense of things they can do in order to generate more value for the sponsors, and in turn have better chances of winning more sponsorships.



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## 7. Appendix

### 7.1 Esports Evolution and Stakeholders

#### 7.1.1 Evolution of Esports

Esports are a natural extension of video gaming. And video gaming dates back to as early as the 1970s when the first video games were launched. Since then, video gaming and Esports has evolved drastically. Below some of the most important milestones in the evolution of Esports are presented:

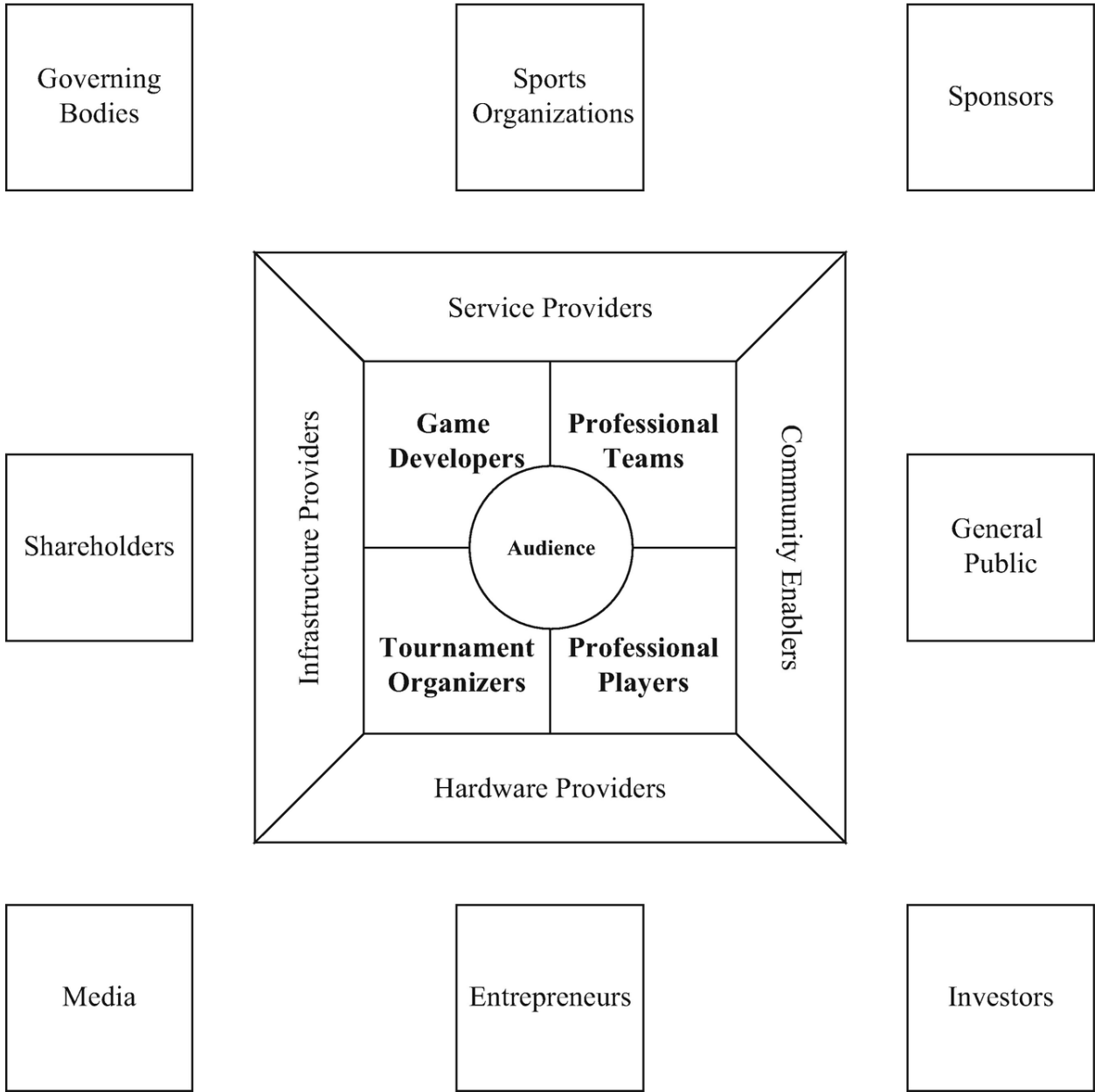
- 1972 - This was when the first widely known Esports competition was held at Stanford University
- 1990s - Launch of competitive console games such as Doom which became the first First-Player-Shooter game to host LAN competitions
- 1997 - Launch of the Cyberathlete Professional League, a popular Esports tournament
- 1998 - Release of StarCraft which really took Esports worldwide in the mainstream media and led to South Korea becoming a hub for Esports
- 1999 - Counter Strike was released which remains one of the top games
- 2000 - Launch of the Esports World Convention which hosted regular events with amazing prizes
- 2002 - Launch of the Major League Gaming which went on to become one of the most prominent Esports Leagues ever
- 2007 - Competitive Gaming Series started getting broadcasted on television
- 2011 - Launch of Esports streaming platforms such as twitch.tv which skyrocketed the viewership of Esports

In the last decade, there has further been a lot of innovations and additions to the Esports industry which has led Esports to become an industry to reckon with.

#### 7.1.2 Esports Stakeholders

Stakeholders in any industry are defined as the persons, groups or institutions that have some kind of interest in the success or failure of a company or can affect and get affected by the success or failure of a company (Lock, 2007). It is of extreme importance to recognize the primary and secondary stakeholders in

any industry to understand how that industry is run and what are the future prospects. The stakeholders situation in Esports is very unique because the stakeholders here have highly complicated connections and are deeply dependent on each other (Scholz, 2019). The below figure gives a birds eye view of the major primary and secondary stakeholders in the Esports industry (Scholz, 2019).



*Figure 2 : Esports Stakeholders (Scholz, 2019)*

The entities mentioned in the middle are the primary stakeholders. That is because these stakeholders form the core of any Esport and directly impact the



core Esport entity. The remaining entities which surround the primary stakeholders are the secondary stakeholders. While they can not impact the core Esport directly, they still very much can impact the Esports industry at large.

The primary and secondary stakeholders are also described in brief in this section. As mentioned in the delimitations section, the focus of this paper are “Esports teams” and “sponsors”. So all stakeholders are briefly described in this section and then the focus is shifted to “Sponsors” in the subsequent sections.

#### 7.1.2.1 Audiences

Audiences are the central party in Esports. Each and every entity in the Esports industry tries to win over the audience in order to score economic gains. Audiences are the Esports viewers, gamers and generic enthusiasts. The audience often share a great passion for Esports and are potentially one of the most engaged audiences in any industry.

#### 7.1.2.2 Game Developers

In simple terms, Game Developers or Publishers can be thought of as creators of the games. They own the intellectual property of the games they create. In traditional sports, games are played by whomever and wherever but in Esports, developers build and develop their games and own all rights for them. This means that they have rights to decide where the game is played, who can be the host of video game tournaments, and many more.

#### 7.1.2.3 Tournament Organizers

Esports tournaments are events where Esports teams and players compete. And tournaments are critical mediums of reaching out to audiences. And hence the tournament organizers are one of the most prominent components of the Esports industry. A big difference between Esports tournaments and traditional sports tournaments is that the games in Esports are owned by the developers and hence the developers have monopoly over the games rights. And so tournament organizers have to obtain licenses from these developers to organize

tournaments. This is the reason why most significant Esports events are usually hosted by the game developers themselves.

#### 7.1.2.4 Players

Esports players are the gamers who play these sports. These players develop their gameplay skills and rise through the ranks. Generally speaking, players pursue one of the following two options:

- a) Streaming - These players livestream themselves as they play video games. This is typically done in casual play. Viewers find these streams interesting to follow, donate to and subscribe to. This can create good revenue channels.
- b) Professional Play - These players compete in tournaments throughout the world. Top players often earn very hefty salaries.

#### 7.1.2.5 Teams

In multiplayer games, teams compete against each other for prizes. Players join teams and play in tournaments. Very often, teams have specific specializations in terms of the games they play. Often, these teams can join forces and come under an Esports organization.

#### 7.1.2.6 Sponsors

Esports sponsors are the entities which use Esports to promote their brands. They invest their resources into Esports and in return associate themselves with the Esports industry to promote their products and services by various means such as marketing rights.

The rest of the secondary stakeholders also impact the Esports industry in a passive way. All of these stakeholders profit as Esports gains momentum and growth and as more and more public tune towards Esports. In turn these stakeholders support Esports by providing the required promotion, resources etc. And so it is quite clear the Esports industry and the stakeholders are very closely interwoven.

## 7.2. Partnership Between Sponsors and Teams in Esports

### 7.2.1 Sponsorship in Esports

One of the most widely used definitions of Sponsorship in the academic world was provided by Meenaghan (1983). According to that

*“Sponsorship is the provision of assistance either financial or in kind to an activity by a commercial organization for the purpose of achieving commercial objectives.”*

Another definition which is frequently used is from IEG (2017). According to that

*“Sponsorship is the cash or in-kind fee paid to a property ([a property rights holder] typically in sports, arts, entertainment, or causes) in return for access to the exploitable commercial potential associated with that property.”*

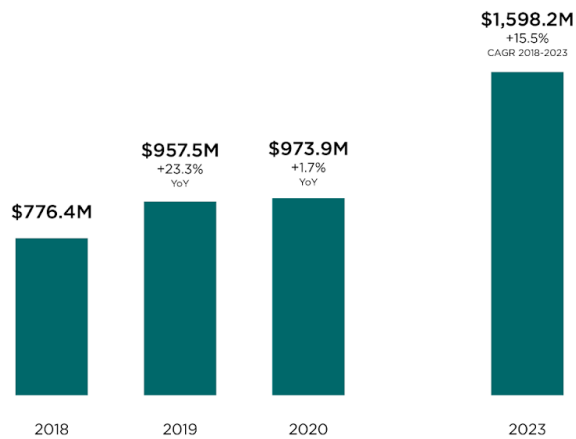
Irrespective of the definition you want to use, the basic outline is that sponsorship involves an exchange of some premium and privilege between two parties and the aim of doing so is commercial.

Sponsorship is a critical element of the Esports industry. As described in the section on Esports Stakeholders, sponsors are an integral stakeholder in this industry. The above statement is justified with the help of two very interesting data points. The first one is related to the growth in Esports revenue. The figure below shows the growth in the revenues of the Esports industry as reported by Newzoo which is a leading provider of Esports analytics globally.



## Esports Revenue Growth

Global | For 2018, 2019, 2020, 2023



©Newzoo | 2020 Global Esports Market Report | July 2020 Update  
[newzoo.com/esportsreport](http://newzoo.com/esportsreport)

**Figure 3 : Esports Revenue Growth (Newzoo, 2021)**

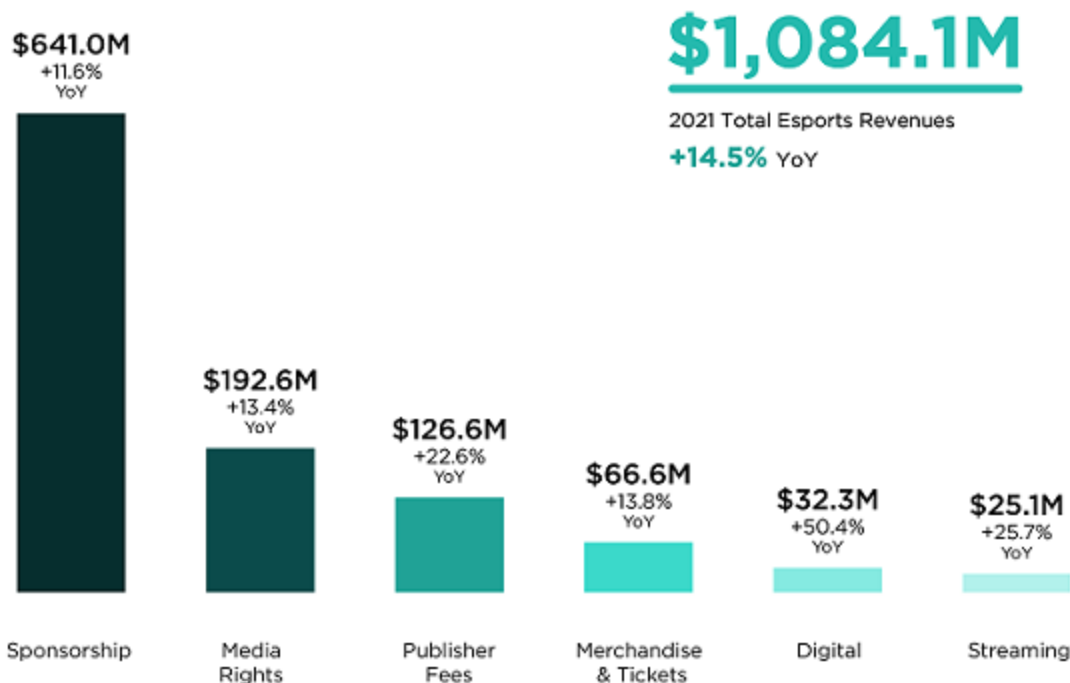
The Esports industry revenue continued to grow even in 2020 when the whole world was struck with the Covid-19 pandemic. It is incredible because it is not the case that the Esports industry did not feel the brunt of the pandemic. It affected the Esports audiences the same way it impacted the general public. Esports saw a lot of prominent Esports events getting canceled or postponed. Even the most prominent ones such as The International, which is a renowned Dota 2 league, were canceled. An increase in the Esports revenue despite these challenges show the fantastic growth in the number of players, leagues, audiences in Esports. Owing to this momentum, the Esports revenue is expected to reach \$1.6 B in 2023. If you compare this with the revenue in 2018, this computes to a Combined Annual Growth Rate (CAGR) of more than 15%.

The second data point is related to the share of sponsorship in this industry. The figure below, again from Newzoo, presents the share of sponsorship in Esports revenue for 2021.



# 2021 Esports Revenue Streams

Global | With Year-on-Year Growth



©Newzoo | 2021 Global Esports and Live Streaming Market Report  
[newzoo.com/esports-report](https://newzoo.com/esports-report)

Figure 4 : Esports Revenue Streams (Newzoo, 2021)

It is absolutely clear from the above figure that Sponsorship is the main revenue stream for the Esports industry. Out of the total \$1.1 B revenue, Sponsorship contributed about \$641 M, which is about 58% of the industry revenue. And this is a growth of almost 12% YoY. Not to forget that this statistic too is for a timeframe where the world was still struggling with the pandemic. Also, according to [GlobalData Business Report](#), the sponsorship in Esports is heavily dominated by non-endemic sponsors with their contribution accounting for \$584 M in 2020. For the unversed, a sponsor can be endemic or non-endemic. Endemic sponsors are businesses whose products and/or services are associated with the market they are sponsoring, whereas non-endemic sponsors are businesses whose products and/or services are not associated with the market they are sponsoring.

The above two data points present two very crucial fact with relation to sponsorship in Esports:

- Sponsors are getting more and more interested in investing in Esports
- The Esports industry depends heavily on sponsorship for revenue

It is important to understand that sponsorship in Esports is not limited to just sponsoring Esports events or product placement. But it also includes the sale of IP rights for specific games or teams or events. Traditional methods of advertising such as providing spots for advertising between games is also a part of it.

Below, some of the most prominent Esports sponsors of modern days are presented. The data here has been compiled from Sportytell which is a leading fact sharing portal for all things related to sports and Esports. According to Sportytell, some of the top Esports sponsors are as follow:

- **Red Bull** - Red Bull is a highly popular energy drink. They started their Esports sponsorship journey in 2006 by signing David Walsh, a Halo legend, as their first Esports athlete. They then went on to sponsor Esports events as well. They are believed to have invested more than \$500 M into Esports.
- **Comcast Xfinity** - Comcast Xfinity is an internet company. In 2016, it started providing reliable internet services and training facilities for ESL and Evil Genius which is a popular Esports organization. Comcast also sponsors Esports events and invested about \$50 M in the development of a training facility for Esports.
- **Intel** - Intel is a giant in technology and it has donated computers and networks to Esports partners since 2002. Intel since then has been sponsoring Esports events. It also plans to provide scholarships to those who are interested in Esports.
- **Honda** - Honda is one of the most popular motor companies in the world. Honda has recently started sponsoring Esports events. It has also built partnerships with Esports organizations such as Team Liquid. Honda also hosted an Esports league.
- **Pepsi's Mountain Dew** - Mountain Dew is one of Pepsi's bestseller products. And it has been a part of the Esports ecosystem for seventeen

years now. It is also the beverage partner for some Esports leagues. Mountain Dew has also directed its own games.

- **Coca-Cola** - Coca Cola is amongst the top beverage brands in the world. Coca Cola is well known in the League of Legends, a prominent Esports league. It also holds view parties for Esports in partnership with Riot games. It also is the official beverage drink of the Overwatch league.
- **US Air Force** - The US Air Force invested to the tune of \$1 M in Esports in 2020. It also supported Cloud 9 CS Go Team and the team had the US Air Force logo on their jersey.
- **The Kraft Group** - The Kraft group is a group of privately held companies in the professional sports, manufacturing and real estate development industries. They began sponsoring Esports in 2017 when they purchased an Esports team for \$20 M. They have also built an Esports arena.
- **Disney's Marvel** - Disney's Marvel is a household name in the world. They started their Esports sponsoring journey by partnering with Team Liquid.
- **Mercedes Benz** - Mercedes Benz is an extremely popular car manufacturing company. They awarded a car worth \$50 K to an Esports player in the ESL league in 2017. Later on they became ESL mobility partners.

While the amount of investment is certainly eye catching, what is equally important is to understand the various industries from where these sponsors come. The figure below is just a glimpse of the vast universe of Sponsors in the Esports world.



Figure 5 : Glimpse of Esports Sponsors

### 7.2.2 Sponsorship Drivers

There are multiple drivers that encourage brands and companies to get into sponsorship deals within Esports. The major drivers are as following:

- **A passionate audience** - Esports usually engages young audiences with half of them aged between 21 to 35 years old. These audiences are very difficult to reach through traditional mediums. Also, Esports audiences are one of the most loyal audiences and that means if the sponsors are able to win over them, these people will stick with their brands for long.
- **Growth in viewership** - Esports events often see a large number of visitors / viewers and the number can go in millions if the esports event is a popular one. This means the sponsors can reach a huge number of potential consumers directly.

There are multiple ways in which sponsors can invest in Esports. Sponsors can sponsor an Esports event or league. Some of the common offerings provided to sponsors here are the opportunities to include branded content during livestream, arena signage, social media brand promotions etc. Sponsors can also sponsor teams or players where the sponsors can feature themselves on the players' or teams' jerseys, social media handles, interviews, live streams etc. Sponsors can also sponsor streaming platforms. Streaming online is the most popular way of broadcasting Esports events. And hence sponsoring them provides a great opportunity to reach a massive audience.

### 7.2.3 Esports Teams

Esports teams are groups of Esports players who play multiplayer Esports games together in Esports tournaments. Similar to traditional sports teams, these Esports teams have coaches, team managers, operations specialists, practice schedules etc. Owing to the crazy fan following and investor appeals, Esports teams have now started to be recognized in the same league as professional sports organizations.

The table below lists down some of the top valued Esports teams as per a recently published [Forbes report](#):



<b>Esports Team</b>	<b>Valuation</b>
TSM	\$410 M
Cloud 9	\$350 M
Team Liquid	\$310 M
FaZe Clan	\$305 M
100 Thieves	\$190 M
Gen.G	\$185 M
Enthusiast Gaming	\$180 M
G2 Sports	\$175 M
NRG Sports	\$155 M
T1	\$150 M

*Table 9 : Top Valued Esports Teams*

As one can see, all these top Esports teams are worth more than \$150 M. These massive valuations show that Esports has really become an economic phenomenon.

#### 7.2.4 Esports Teams Revenue Streams

Looking at such massive valuations for Esports teams, it is easy to wonder how these teams make money. While sponsorships remain a very critical component of Esports teams' revenues, it is important to understand that there are other sources of revenue for these teams as well. Some of the most prominent revenue streams used by Esports teams are briefly described.

#### **Sponsorships**

Sponsorships are a key revenue stream for Esports teams. It is already seen in the previous sections that sponsorships in fact are the largest revenue source for the whole Esports industry. Sponsorships often include featuring on teams' kits and equipment, social media interactions, interviews, streams etc.

#### **Merchandise Sale**

Merchandise sales form another key revenue stream for Esports teams. The merchandise can be physical as well as digital. While physical merchandise can include things like apparels, digital merchandise may include in-game purchases.

### **Tournament Prizes**

There are quite a few Esports leagues which offer excessive prize money to the winning teams - sometimes to the tune of millions of dollars. And as such, winning Esports leagues form another important revenue channel for these teams. Sometimes, teams also earn revenue by sharing the league revenue with the organizers.

#### 7.2.5 Prominent Examples

In this section, some of the most talked about sponsorship deals of 2021 in the field of Esports are presented, as reported by Esports Insider which is a popular website for all things Esports:

- **TSM with FTX** - TSM is an Esports organization while FTX is a popular cryptocurrency exchange. In 2021, TSM did a \$210 M partnership with FTX which included a naming rights deal that led to TSM now being known as TSM FTX
- **Team Liquid with Alienware** - Team Liquid, a prominent Esports organization, extended its partnership by a decade with Alienware, a PC brand.
- **FaZe Clan with DC Comics** - In September 2021, FaZe Clan, an Esports organization, struck a partnership with DC Comics in order to create a comic book featuring FaZe Clan creators as superheroes.
- **G2 Sports with Ralph Lauren** - G2 partnered with Ralph Lauren in June 2021 and announced to launch a series of “digital first” activations on platforms such as Twitch and Tik Tok.
- **Fnatic with ASOS** - In September 2021, Esports organization Fnatic entered into a 3 year partnership with online fashion retailer ASOS in a multi-million pounds deal.

These are just a few of the numerous Esports deals that have been signed between sponsors and Esports teams. But these are enough to showcase the

huge confidence which various brands are showing in Esports teams and Esports in general.

### 7.3 Topics Covered In Literature Review and Their Relevance With This Study

<b>Topic covered in articles</b>	<b>Relevance with this study</b>	<b>How is it relevant to this study</b>
Growth of Esports as a medium of entertainment	Low	It is not relevant to the topic of this study.
Growth of sponsors' confidence in Esports	Medium	This is more of a fact and does not give insights about the topic of this study.
Risk to Esports sponsorship due to disreputable behavior	High	This provides insights about how disreputable behavior impacts Esports sponsorships and what the sponsors expect from the Esports teams they are sponsoring. Esports teams can use this information to build digital strategies to reduce the possibility of disreputable behavior and hence attract more sponsors.
Importance of sponsor-event fit for a successful sponsorship in Esports	High	This provides insights about how sponsor-event fit impacts Esports sponsorships. Esports teams can use this information to build

		digital strategies to improve the sponsor-event fit for their sponsors and hence attract more sponsors.
Objectives of Esports sponsorship	Medium	Objectives are brand specific and Esports teams can't make strategies to drive this.
Why sponsors are attracted to Esports	High	Esports teams can use this information to build digital strategies that promote the factors which attract sponsors.
Factors that impact the effectiveness of Esports sponsorship	High	Esports teams can use this information to build digital strategies that promote the factors that positively impact sponsorship and reduce the elements which negatively impact sponsorships and hence attract sponsors.
Challenges faced by Esports sponsorship	High	Esports teams can build digital strategies to address some of these challenges and hence can attract more sponsors.
Measuring sponsorship's effectiveness	High	This is one of the challenges of Esports sponsorship. Esports teams can build digital strategies to address some of these

		challenges and hence can attract more sponsors.
How non-endemic brands can make their Esports sponsorship more effective	High	Esports teams can use this information to create digital strategies which target potential non-endemic sponsors by employing some of the factors which make sponsorship more effective for non-endemic sponsors.
Importance of sponsorship fit for Esports sponsorships	High	Esports teams can build digital strategies that can help sponsors improve their engagement and fit for Esports sponsorships and hence can attract more sponsors.
How negative perception of Esports impacts sponsors images	High	Esports teams can build digital strategies to try and create a positive perception of Esports and hence can attract more sponsors.
Esports fans loyalty	High	Esports teams can build digital strategies to tap into the fan loyalty and convert this into brand loyalty and so can attract more sponsors.
Importance of image and values fit and synergy between the brand and the Esports teams for	Medium	This is the purview of brands and not the Esports teams. So Esports teams can't

effectiveness of sponsorship		make digital strategies to drive this.
Importance of having a working relationship between the sponsor and the sponsored	High	Esports teams can build digital strategies to create a more convenient working relationship with potential sponsors, thereby attracting more sponsors.
Importance of leveraging and activation in Esports sponsorships	Medium	This is the purview of brands and not the Esports teams. So Esports teams can't make digital strategies to drive this.
Importance of incorporating relevant added value by brands for gaining better results from sponsorship investments	Medium	This is the purview of brands and not the Esports teams. So Esports teams can't make digital strategies to drive this.
How should sponsors select Esports teams for sponsorships	High	Esports teams can build digital strategies to promote those aspects of theirs which sponsors usually look for while selecting a team for sponsorship.

*Table 10 : Literature Review Topics and Relevance With This Study - Detailed*