Using Esports Efficiently to Enhance and Extend Brand Perceptions – A Literature Review

Authors' contribution:
A) conception and design of the study
B) acquisition of data
C) analysis and interpretation of data
D) manuscript preparation
E) obtaining funding

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ABSTRACT

While discussion and media coverage of esports (i.e., organized competitive video gaming) has dramatically increased since 2016, the use of esports by established consumer brands has not been emphasized in the sport marketing and sponsorship literature. Though appearing in limited sport management research, esports is a non-traditional sport form that generated just under $1.2 billion in revenue as an industry in 2019. However, many non-endemic traditional consumer brands have resisted capitalizing on esports brand-building opportunities. This paper provides a literature review of the past and current esports and sport marketing literature, resulting in the creation of a figure depicting the esports endemic and non-endemic company evolution of esports brand utilization. The evolution of the competitive video game market details how endemic companies are more apt to establish themselves in the esports space before non-endemic companies because of the way that the industry moves and has acceptance by gamers and non-gamers. Marketers and brand managers that have historically employed traditional sports may glean ideas on how to best enhance and extend their brand through the burgeoning esports industry. Moreover, ideas regarding when companies should enter the esports ecosystem is provided.

KEYWORDS | esports, branding, marketing, sponsorship, video gaming

Introduction

Esports refers to organized video game competitions that serve as a non-traditional model of sport that has established itself as a commercialized entertainment enterprise and produced hundreds of millions of dollars in revenue, especially over the past five years (Gawrysiak, 2017; Jenny, Manning, Keiper, & Olrich, 2017). Esports competitions paid out $65 million in prize money in 2015 but less than five years later, esports businesses are projected to exceed $1.23 billion in 2019 revenues (Bitkraft, 2017). While there continues to be ample opportunities for revenue generation in esports, traditional consumer brands, particularly non-endemic ones, were initially reluctant to enter the space. "Endemic" companies are native to esports (i.e., companies that create gaming equipment) while "non-endemic" companies are not necessary for the sport to occur (Rowady, 2015). There has been significant growth due, in part, to rapid advancements for in-home gaming technology and

platforms, enhanced video game software, online fantasy leagues, and virtual/augmented reality (Burton, Hall, & Paul, 2013; Gawrysiak, Dwyer, & Burton, 2014). With the growth of in-home gaming and existing opportunities for revenue generation, esports has gained notable legitimacy in consumer culture, predominately among the influential youth demographic of 12 to 34 years in age (Leung, 2017; Burton & O'Reilly, 2019). As such, esports are viewed as a distinct sports property and creates multiple opportunities for consumer brands to extend their brand perceptions and imagery through various media and event platforms.

Historically, sports have been a culturally relevant and integral component for extending and enhancing a company's brand (Strasser, 1989). In writing about esports, Utzschneider (2017) suggested native advertisements and custom branded segments provided ways for consumer brands to develop their marketing strategies effectively. Using these native ads, companies could enhance their brand to modern esports consumers. Further, Utzschneider (2017) posits that more passionate fans are being developed as the eSport segment continues to grow and that opportunities to engage with these 'always-on' consumers are on the rise. Esports offers a unique consumer experience for a demographic of sport consumers that traditional sports, and traditional models of marketing and branding, have not previously reached. For marketers, it is potentially the next frontier to not only capitalize on live esports events and broadcasts, but to showcase innovative creativity when it comes to connecting with fans through more integrated advertising (Utzschneider, 2017).

Non-endemic companies have begun using esports to explore the unique ways in which brands can enhance and extend brand perceptions. As a prime example, Mountain Dew has previously reached a deal with esports organizations Electronic Sports League (ESL) and the E-Sports Entertainment Association League (ESEA) to become the title sponsor of a *Counter-Strike* competition (PepsiCo, 2017). Moreover, as Woods (2018, p. 7) has noted:

> *Esports leagues are forming around professional franchises, teams, and players, and aligning with brand-name video game titles such as [League of Legends] LoL, as well as the [National Basketball Association] NBA and FIFA, the international soccer federation. Expanding television and Internet viewership is leading to major media-rights deals, which are convincing more advertisers and sponsors to hop on the bandwagon. The demand for live events is spurring construction of dedicated esports venues. And, feeling esports nipping at their heels — and not wanting to be left out — traditional sports leagues, teams, owners, and athletes are investing in the industry.*

With endorsements from powerful cultural icons (e.g., media outlets, professional leagues and teams, advertisers and sponsors), esports has gained momentum and entered the vernacular of an increasingly diverse range of investors (Meola, 2018).

However, traditional models of marketing through sports may not always correlate with esports. Advertising in venues is not yet seen as a major source of revenue for esports organizers like ESL (J. Sell, personal communication, December 4, 2016). Instead, the focus is more on digital platforms and getting consumer brands to market through social media outlets rather than at the event venues. Consumer brands unfamiliar with esports events might consider using this nuance to focus on digital marketing plans, especially social media advertising as this represents the most popular way to follow esports (Entertainment Software Association [ESA], 2017). As an example, Facebook has become a major platform with branding opportunities as they purchased exclusive rights to broadcast a major esports event called *Heroes of the Dorm* with teams from the United States and Canada (Regan, 2017).

There further exist opportunities for consumer brands to integrate their global marketing efforts with newly established leagues or competitions such as the *Overwatch* League from Blizzard Entertainment. This particular league focuses on models of traditional sports with worldwide competitions utilizing city-based teams (Blizzard Entertainment, 2017). Hamari and Sjöblom (2017) suggested that acquiring knowledge of the games being played, their novelty, and participant aggressiveness will increase viewership and be enticing marketing platforms. The *Overwatch* League likely exhibits all of these traits since it is already played by 25 million people

around the world and is structured in a unique way for esports (Frank, 2017). Companies should seek to capitalize on this global branding opportunity.

There is an increase in the number of venues being constructed across the world in order to host esports local team training and tournaments, or as a site to bid for outside international esports events (Jenny et al., 2018). Woods (2018, p. 23) further states:

> *Building venues for gaming is a way to make a deeper consumer connection that engenders loyalty in local communities, fuels another layer of intercity sports rivalries, and provides a new platform for sponsorship and advertising. NBA teams are retrofitting their arenas to accommodate the NBA 2K league events. The Milwaukee Bucks are erecting a brand-new "smart" complex to host both their NBA and NBA 2K teams.*

With the above noted, the purpose of this paper is to examine how companies are currently enhancing and extending their brand through the bourgeoning esports industry via a literature review. The evolution of esports branding by both endemic and non-endemic companies will be discussed in order to provide an historical picture of this evolution. Brand managers and marketers that have utilized traditional sports (e.g., the National Football League [NFL], National Basketball League [NBA], Major League Baseball [MLB], National Hockey League [NHL], and NASCAR) will be provided with ideas on how to best leverage esports to effectively extend their company's brand image and perception. This paper bridges the ideas of branding and brand extension currently being used in traditional sport leagues such as the NFL, NBA, and MLB to the esports industry. This merger is accomplished through an extensive review of the literature and landscape of branding, a discussion of branding through traditional sport, a review of esports growth, and finally into esports consumer behavior in order to align all these areas into a theoretical model of the evolution of esports branding. This thorough review of the literature was then used to create model that companies have used to support the evolution of esports to extend their brands, which other companies may emulate.

Branding

Aaker (1991) placed significant value on concept such as brand loyalty, brand awareness, perceived quality and brand associations. He posited brand associations help consumers process or retrieve information, differentiate brands, provide reasons-to-purchase and ultimately hold the potential to create positive feelings toward specific products or services. Specifically, Aaker (1991, p. 109) noted:

> *The association not only exists but has a level of strength. 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.*

According to Rein, Kotler, and Sheilds (2006), a brand is a "synthesis of facts and images that is often defined by slogans, themes, positions, symbols, product characteristics, and a number of other tangible and intangible attributes" (p. 97). Additionally, Strasser (1989) noted that a fundamental aspect of culture is a network of relationships and that consumer goods are part of a new culture. Those same networks are an integral component in the development of consumer culture (Strasser, 1989). Similarly, Gwinner and Eaton (1999) investigated image transfer and how sponsorships may influence branding and brand positioning. The authors indicated the transfer process can be enhanced when both an event and brand are matched on a functional basis or through image. Evolution of cultural norms is to be expected and if "relevant cultural products reflect the evolving interests of a particular age" (Burton et al., 2013, p. 187), then contemporary consumer brands must logically

incorporate or utilize the imagery of the present culture to address key members of a defined or intended target audience.

For Rein et al (2006, p. 108), a key foundational factor of a strong sports brand is the relationship the brand has with its fans [who can be] involved at five fundamental levels:

1. Becomes aware of a sport
2. Checks for results occasionally
3. Goes to or views events regularly
4. Follows the sport in all distribution channels
5. Integrates it as part of his or her life.

Brand associations are important for all types of products as they seek to establish a position in the marketplace. This can be done through various forms of brand awareness and extensions. As Aaker (1991, p. 164) outlined:

> *[Brand] associations are created by anything linked to a brand. Of course, the features and benefits of the product or service, together with its package and distribution channel, are central to a brand image. Further, the brand's name, symbol, and slogan are among the most important positioning tools. Certainly, the advertising effort is a direct contributor. However, the wide variety of other approaches to the generation of associations should also be considered. Some, like promotion and publicity, are visible as well as important. Others, more subtle and complex, require an understanding of what signals are used by customers to form perceptions.*

Branding through traditional sports

Lee (1985) argued that individuals demonstrate a specific favoritism for a sport or team by joining unique communities dedicated to the sport or team (e.g., fan clubs, alumni associations, etc.). Membership within these particular organizations facilitate constructing and developing brand equity for service providers in the marketplace (Underwood, Bond, & Bear, 2001). According to Madrigal (2000, p. 14), "sport fans will voluntarily choose to act in ways that exemplify the perceived will of the group in order to enjoy the psychological benefits of membership".

Bennett, Cunningham, and Dees (2006) noted consumers often remember sponsors who partner with sport organizations. It is common to see the incorporation of logos, trademarks, and package designs that are developed for specific sporting events or organizations in order to distinguish one's product from its competitors and create synergistic links between the brand and the event itself (Close, Finney, Lacey, & Sneath, 2006). Continued sponsorship exposure through sporting events attempts to provide a favorable impression toward the sponsor. However, the sponsoring product must have customer acceptance, or fit, with the sport organization (Koo, Quarterman, & Flynn, 2006; Tauber, 1988). Close et al. (2006) noted individuals who are enthusiastic about and participate in sport are a better fit for marketers as opposed to someone who does not share the same appreciation for traditional sports. Similarly, Kahle and Homer's social adaptation work (1985) commented on endorsers (i.e., professional gamers) providing 'match-up' opportunities for brands to connect their product attributes with the celebrity's physical attractiveness.

Additionally, the impact of brand strength for sport products is vital as it is an experienced good, meaning its attributes must be assessed through usage (Smith & Park, 1992). Furthermore, Wernerfelt (1988) suggested consumers use the performance of one product (i.e., parent brand) to infer the quality of other products using associations with the parent brand. Thus, branding decisions play a critical role in establishing sustainable competitive advantage, particularly when combined with sport organizations (Alpert & Kamins, 1995).

Various scholars have explored how organizations build their respective brands through traditional sport (Bennett & Lachowetz, 2004; Close et al., 2006; Olberding & Jisha, 2005; Pope & Voges, 2000). For example, Olberding and Jisha (2005) noted firms need to build a unique brand and position it to where the brand can be

seen are keys to a successful brand identity. Through sports, this image can be enhanced and help develop significant consumer intention to purchase products and services (Pope & Voges, 2000). Specifically, the association with a popular sporting entity may transfer from the organization to the sponsoring brand directly (Bennett & Lachowetz, 2004).

Sport organizations can also create emotional bonds between the firm (i.e., consumer brand) and its loyal constituents (i.e., fans) through the use of its brands (Gau & James, 2014; Kim, Byon, Yu, Zhang, & Kim, 2013; Wakefield, 2016). Specifically, traditional sports develop a level of loyalty and commitment that other organizations and industries may not exhibit. For example, fans of NASCAR are especially popular among sport marketers due to their loyalty to their favorite drivers as well as their driver's sponsors (Williams, Rode, & Slavich, 2018). They are three times more likely to purchase the products from race sponsors than fans of other professional sports (Hugenberg & Hugenberg, 2008). Additionally, 57% of NASCAR fans are loyal to the brand and products from various sponsors affiliated with the sport as opposed to non-affiliated sponsors (Bodkin, Amato, & Peters, 2009).

Due to the existence of loyalty and emotional bonds, traditional sport properties often develop or offer brand extension opportunities that their constituents will support (Apostolopoulou, 2002). Sport organizations regularly introduce new products and services in order to capitalize on the popularity of the organization's brand name (Pope & Voges, 2000). For example, most professional sport franchises have practice facilities that allow the parent organization to generate revenue through spectator visits and sponsorship opportunities (Cohen, 2012). Similarly, intercollegiate programs develop fundraising, marketing, and merchandising extensions that help develop and support varsity sport programs.

In the instance of esports, Rein et al. (2006) noted that the strength of video games is how they empower fans with a degree of ownership over their experience. While it is a vicarious experience connection, it can be highly personal and include members of connected communities (e.g., playing the same title or game) all over the world. Although not perfect, video games

> *"restore some of the control over the experience that has been removed from the traditional fan with the industrialization of sports [and] the popularity of more participant-friendly sports capitalizes on the social currency, vicarious experience, and utopian connections"* (Rein et al., 2006, p. 62).

Esports industry growth and viewership

Recently, esports has shown to be a burgeoning industry with a steady upwards trend projected by many in the near future. Bitkraft (2017) reported global esports revenue reached $800 million in 2016 and was expected to reach $1.23 billion by 2019, primarily spurred by advertising and sponsorship. The final revenue for esports in 2019 came in close to the projection just under $1.2 billion (Gough, 2019). Likewise, global esports revenue is expected to grow from $1.23 billion in 2017 to $2.3 billion in 2022 to coincide with a predicted 12% yearly increase in viewership (SuperData, 2017). Moreover, esports viewership is projected to rise from 214 million to over 303 million in 2019 (Minotti, 2016). In October 2017 alone, the video game *League of Legends* featured 286 million unique viewers streaming on Twitch.tv (SuperData, 2017). Further, a recent worldwide survey of 4,000 individuals found that males between the ages of 18 and 25 years old watch more online video gaming and esports than traditional sports (Limelight Networks, 2017).

This growth is also evident within intercollegiate athletics and the Olympic Games. For instance, the National Association of Collegiate Esports (NACE, 2018) started in 2016 with seven varsity esports teams and had ballooned to 90 member institutions by 2018, many of which offered esports scholarships and were supported by the athletics departments. Additionally, while not an official Olympic sport as of 2019, esports will be a medal event at the 2022 Asian Games in Hangzou, China (Graham, 2017).

The most commonly followed esports games in the U.S. and Europe are the first-person shooter video games *Counter-Strike* (Valve Corp., Bellevue, WA) and *Call of Duty* (Activision, Santa Monica, CA; Nielsen Company, 2017). Worldwide, the most popular video game tournaments centered on *Counter-Strike*, as well as the multiplayer online battle arena (MOBA) games *League of Legends* (Riot Games, Los Angeles, CA) and *StarCraft* (Blizzard Entertainment, Irvine, CA; Statista, 2018). Likewise, the 2017 Intel Extreme Masters Katowice held in Poland attracted 46 million unique viewers was the most watched esports tournament as of 2018 (Statista, 2018).

Social interaction is one of the main drivers to esports consumption, with escapism, player aesthetics, and drama being prime motivators of experiencing a live esports event (Hamari & Sjöblom, 2017). These sport consumption characteristics are similar to traditional sporting events. Further, the esports spectator experience has been reported to be impacted 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 (Rambusch, Taylor, & Susi, 2017). People also watch esports to attain an understanding of the video games being played and for the novelty of new players and teams, with esports player aggressiveness positively predicting esports spectating frequency (Hamari & Sjöblom, 2017). Thus, to understand how branding impacts consumption within esports, it is important to understand the participants, viewers, and in-person fan or client base.

Esports consumer demographics

According to a Nielsen Company (2017) online survey consisting of 1,000 esports fans between the ages of 13 and 40 years old and residing in either the U.S. or Europe, 71% of respondents were male with an average age of 26 years. Additionally, over half of the participants started following esports only one to three years ago (Nielsen Company, 2017). In contrast, the ESA (2019) reported the average U.S. "gamer" is 36 years old and 46% of U.S. gamers are women. Similarly, Statista (2017) reports that 27% of video game players are between the age of 18 to 35 years and 42% of U.S. video game players are female. Globally, esports consumers play approximately eight hours of video games per week; the majority via a computer compared to gaming consoles (Nielsen Company, 2017). However, Newzoo (2017) reports 42% of esports viewers do not actually play the video game they follow. While gamers, playing video games, and esports are not exactly the same terms or experiences, the terms are related to each other and used here to describe the overall gaming landscape that esports is affiliated.

Streaming

While attending live eSports events in-person is on the rise as esports-specific venues continue to be built around the globe (Jenny et al., 2018), the vast majority of esports spectators engage in events through online streaming (Nielsen Company, 2017). Newzoo (2017) reports that 14% of North Americans ages 21 to 35 years watch esports at least monthly. Moreover, Nielsen Company (2017) cites 36% of male and 23% of female esports fans view live streaming esports at least weekly.

The online streaming platforms of Twitch, YouTube Gaming, and Ustream are commonly utilized by spectators to view live and recorded esports events (Jenny et al., 2018). The majority of esports fans watch events through Twitch, with YouTube being the second most popular option (Nielsen Company, 2017; SuperData, 2017). On average, U.S. and European esports fans follow about five different video games and approximately two-to-three different genres (Nielsen Company, 2017). Recent empirical evidence suggests that audiences on Twitch may create strong para-social bonds towards video gamers who broadcast their gaming on the site where this bond significantly impacts viewers' loyalty to continue to watch the streamer (Paulsen & Salihovic, 2017). Certainly, viewer loyalty is attractive to potential esports sponsors and business marketers.

Branding through esports

There are several ways in which companies, both endemic and non-endemic, are currently branded through esports. In 2017, 42% of esports sponsors were non-endemic (Nielsen Company, 2017). As with traditional sports, companies recognize the value in being associated with esports to reach a broad demographic, especially one (males 16-24) that many traditional sports are struggling to reach (Burton & O'Reilly, 2019). By investing in various branding opportunities, companies have begun to cater to commercial aspects of esports that previously were not sold, allowing for additional streams of revenue for esports stakeholders. Some of these various ways of branding opportunities are through team, league, or event sponsorship to jersey and equipment. Between 2016 and 2017, there have been more than 600 esports sponsorship agreements in such industries as IT/Computer (59%), retail (16%), online services (10%), non-alcoholic drinks (8%), and online media (7%) (Nielsen Company, 2017).

The advent of professional esports leagues and gamers had brought notable investments to professional events, media coverage (e.g., Twitch) and sponsorship (Meola, 2018). Numerous major consumer brands are evident in their investments to connect targeted consumers with esports brand association such as Mountain Dew and Papa John's Pizza. With the professionalization of esports, it is becoming easier to connect to fans of specific game titles. Brands can build on personalities and places similar to traditional sports. Over half of esports consumers have a positive attitude toward brand involvement with only about 7% of fans perceiving outside brand involvement as negative (Nielsen Company, 2017). Moreover, esports fans prefer endemic sponsors, reporting that technology companies and internet service providers are most appropriate while insurance, financial services, and alcoholic drinks as being the least appropriate esports sponsor categories (Nielsen Company, 2017).

However, traditional models of marketing through sport may not correlate to esports, such as venue advertising, television commercials, and alcohol. Instead, one-quarter of U.S. esports fans report interest in following esports sponsors within social media, showing that digital and social media marketing might be the best way to reach the esports audience (Nielsen Company, 2017). These are the opportunities for endemic and non-endemic brands. Some brands have shied away from sponsoring teams due to potential 'relegation', which is where a team is dropped down to a lower level of competition (Kolev, 2018). This relegation model in some esports leagues may cause some sponsors to hesitate in sponsoring a team and connecting their brand to them.

The relegation model and ever rotating players on teams with no contracts leads to sponsoring of events and venues more than teams thus far in esports (Fischer, 2018). Some traditional sports, especially soccer leagues around the world, can be used as examples of how best to market in these kinds of formats. This dynamic is changing, but major events are growing into major marketing opportunities such as Coca-Cola and *League of Legends* World Finals in 2016, Red Bull Battle Grounds, Intel Extreme Masters, and McDonald's *StarCraft* World Championship Series. Some successful sponsored events are Coca-Cola as the title sponsor for 2016 *League of Legends* World Finals in Los Angeles, which had 15,000 venue spectators, viewing parties in 16 countries at over 200 cinemas, and 45 million people watching live across the world (Nemer, 2016). In addition to these companies involved in branding through esports, other companies have entered into this space through various sponsorships such as Intel, Comcast Xfinity, Airbus, T-Mobile, Mobil 1, and Audi (Meola, 2018).

Mapping the evolution of endemic and non-endemic esports company branding

As with other areas associated with branding, there are endemic and non-endemic companies that can benefit from working with esports. Esports have gone through changes over time to allow for opportunities for these companies to attach themselves to various components of the eSport industry (e.g., leagues, teams, events, etc.). It can be theorized that as the esports scene has evolved, endemic and non-endemic companies have seen there are certain characteristics that have given them different opportunities to get involved. The popularity of video

games has been relatively consistent over time, but the opportunity to extend and enhance a consumer's brand has changed largely with the introduction and widespread use of the Internet for gaming (Smith, 2017). The advent of the Internet and mobile phones allowed for gaming to switch from solitary to cooperative gaming, as well as mass consumption, shows that mass and targeted media is evolving rapidly. This evolution has allowed advertisers to consider new ways to target an important demographic: young men ages 12 to 35 years. In fact, New Balance recently partnered with Formula One in order to reach a younger audience (Mitrevski, 2018). Figure 1 outlines some key characteristics for the evolution of esports and the gaming industry while illustrating the optimal areas for endemic and non-endemic brands to enter the field and maintain their presence.
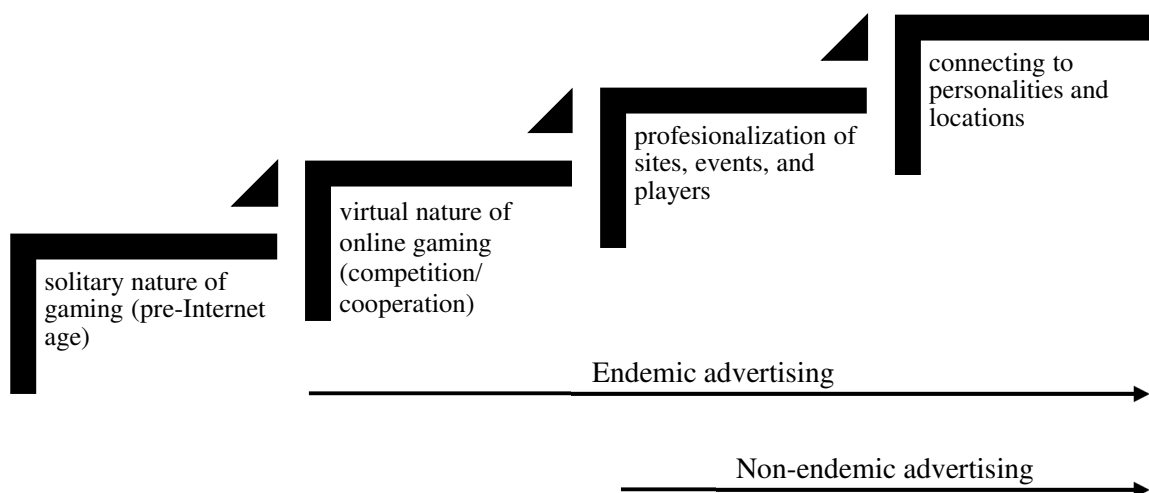

Figure 1. Evolution of Esports Branding. This figure illustrates the evolution of competitive video gaming and how both endemic and non-endemic brands have used it as a vehicle for brand extension as they enter the field that other companies may mimic
Source: own study.

As seen in Figure 1, the early days of gaming were mainly solitary as there was not a vehicle for mass consumption of the games. During this time, there was little need or desire to use video games to extend brands as they did not have a large reach. Advertisers during the early days of gaming (e.g., 1960s and 1970s) did not see the appeal of targeting gamers. Even early sport games where not featured in ads until the 1990s when professional sport leagues were on board. Gaming during this phase was mainly an entertainment field as companies focused mainly on selling hardware to the mass audience to meet their needs. As advances were made in terms of quality and quantity of games and genres, developers could see the appeal of creating experiences for competition. The technology underpinning the video games was increasing more rapidly than people and brands could keep up with, similar to Moore's Law which describes how advances in technology grow exponentially (Moore, 1965). Any form of multiplayer gaming during this time was characterized by all the players being in the same area and playing on the same console and game. This did not allow for easy mass viewing.

The next stage in Figure 1 in this evolutionary process saw the use of the Internet as a vehicle for growth and the ability for mass consumption. The growth here came as players could either compete or cooperate with each other through the Internet instead of having to be on the same console together. Now gamers could play with other gamers from across the world. This appeal saw endemic advertising as gaming companies and related

products began to enter the field. Major video game companies such as Nintendo, Microsoft, and Sony could now use video games to reach a wide audience. The Internet, especially as it became more widespread and accessible, brought social media in to our culture as well as allowed and computer giants such as Google, Amazon, Apple, and Microsoft to thrive. This, further, lead to sport and entertainment to grow through various media platforms.

The next step up in the evolution of competitive video gaming was the professionalization of sites, event, and players. This element is characterized where venues are being used to hold video game (i.e., esports) events as the popularity has grown. The literature has shown that with the organization and professionalization of gamers, events, and sites, non-endemic brands have entered the field to capitalize on reaching a mass audience (PepsiCo, 2017; Woods, 2018; Meola, 2018). There are more viewers now in esports than ever before and companies have begun to capitalize on this as they reach a unique demographic that was not as accessible during previous steps of this evolutionary process.

The final Figure 1 phase in this process illustrates the impact of how all companies can take advantage of current professional eSport players and sites as the leagues and players begin to mirror more traditional sports associated with its most popular leagues (e.g., NBA, NFL, MLB, etc.). A franchise-based system is being implemented in leagues with games such as *Overwatch* and *League of Legends* where teams are geographically located in home cities and players are being signed to contracts that prevent them from switching teams as often as in the past. This development has allowed companies to begin to focus on marketing campaigns around certain cities to reach specific demographics and around certain players they know will be around longer. By connecting to these locations and, further, to player personalities, all companies can structure a sound marketing campaign designed for a specific city and to a player who can connect with particular audiences.

Thus, Figure 1 illustrates where brands have begun using esports on the evolutionary process of video games. The consumer that may be targeted by using esports in a marketing campaign must be understood to figure out how to effectively reach them. Right now, companies are still trying to figure out the esports ecosystem and how it fits within their own strategic plan. By hiring people (or agencies) with experience in esports or the video game industry, companies wishing to enhance their brand through esports may be able to better understand key consumers. New positions may also need to be created within companies to achieve this goal. Further, while esports is a new field and companies may be hesitant to share ideas, techniques are being introduced and the results have shown that using esports may be more effectively than the companies may have anticipated. This result shows the power that early adopters may be able to capitalize on if they can understand the consumer and how to reach them. Certainly, there are many companies that have immersed themselves in the esports industry through different types of sponsorships, such as events, players, teams, and venues. As an example, Papa John's is using esports to enhance brand perceptions in Great Britain and other countries such as Turkey and South Korea (Ward, 2014). These companies are entering the area in the early stages as they see the value in reaching this consumer base. As the esports ecosystem continues to evolve, companies and industry stakeholders will explore different ways to maximize branding opportunities.

Implications

Companies looking to engage in sponsorships of esports teams, leagues, and players should pay particular attention to Figure 1 to understand when best to enter the field. Stage 1 is not an area for any brand to enter the field as it is solo gaming where there is not any kind of wide spread impact or diffusion. As gaming moves online into a virtual space, endemic companies should begin to capitalize on opportunities to enter the field. Computer companies such as HP and Logitech have products that users understand and use for online gaming, so it makes sense for endemic companies to enter during this phase. Gaming hardware and software could also enter in this phase. During the professionalization phase, non-endemic companies can take advantage of the fact that now players and teams are beginning to play for money and practice for long periods of time to be the best

they can be. This development gives companies an opportunity to attach their brand to high performing esport entities, and thus creating some brand attachment. It is also a space that any company can now use to extend and enhance their brands. Companies such as Geico and Papa John's now can attach their brands to high level competitors and events to increase brand exposure. This evolution will lead to the last phase as media outlets beginning to create personalities in the space for consumers to develop allegiances and avidity towards. As these stories and personalities are created, brands entering at earlier phases will be able to further enhance and extended their brand perceptions.

Future research

Future research should be aimed at collecting empirical data through various methods of data collection. Surveys, interviews and focus groups should be utilized to collect data pertaining to, but not limited to, issues of fan avidity, brand consumption, brand recognition and sponsor intention, specifically referring to gamers being suspicious of companies trying to get in as early adopters and making mistakes with a hot industry. With the dearth of current empirical studies on esports, future research should be aimed at collecting this type of data. Avidity in particular should be researched further in the future as it relates to esports compared to traditional sports. The term "esports" is a blanket term for all competitive games and so should be studied in terms of how avidity across esports may differ than within esports. Further, exploring differences in sponsors' level of sport experience as a determinant of engagement and sponsorship activation should be researched. This rationale would provide a better understanding of what components of the esports industry could be used as methods of sponsorships and potential target demographics.

In addition, scholars researching the fast-moving esports sector, should acknowledge the relative embryonic state of this professional gaming area. Where Major League Baseball, National Hockey League and National Football League have existed for more than 100 years, highly competitive esports can be considered to be less than 20 years old and far more segmented by game type and global/regional appeal. Game development, professional rules codification and technological volatility will require future researchers to consider emergent sponsorship trends and fast-moving developments that more established leagues or sports may have dealt with before the advent of digital technology. In short, future researchers should consistently assess the product life cycle era in which their work is focused.

Conclusion

This work has highlighted how some early adopter companies are using esports as a means of brand extension throughout the evolution of esports. From a review of the literature, the figure proposed here within illustrates the entry points of endemic and non-endemic companies into this space. The evolutionary process is ongoing and companies should pay particular attention to how they want to position themselves to enter the esports ecosystem.

According to Figure 1, some non-endemic companies are now using esports as a means of brand extension, something that has been made possible from technological advances with online gaming and that was led by endemic sponsors first. This review shows that companies are using esports to target a new generation of consumers that were otherwise hard to reach through traditional sport brand campaigns. The information presented in this work should be used by future researchers and businesses to continue to understand how branding through esports can enhance brand extensions.

Esports represents a fertile ground that companies are beginning to understand as an opportunity to efficiency enhance and extend their brand's perception. There exist emerging opportunities for companies to capitalize on the growth and presence of esports for branding purposes. Major companies have begun creating new positions for coordinators to guide investments and sponsorships in the esports scene, indicating that consumer brands

recognize the importance of entering this space and extending their brand (Nguyen, 2017). Esports represent an opportunity for companies to engage in an emerging industry with strong staying power. Esports can eventually challenge more traditional sports in terms of sponsorship opportunities and revenue generation. If companies, both endemic and non-endemic, can successfully reach their target, they can enhance and extend their brand perceptions by capitalizing on the notable growth of esports.

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