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SPONSORSHIP IN ESPORTS
WELCOME TO THE BRAVE NEW WORLD

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Introduction

In the past few decades, eSports and competitive gaming are experiencing huge developments and growing tremendously in its popularity (Newzoo, 2019; PwC, 2019). Same as any other fast-growing industry, eSports has attracted significant capital investments and marketing practices. As predicted by Newzoo (2019), the market revenue of eSports will reach 1,790 million dollars by 2022, and the sponsorships would likely be the largest contributor. Unlike sponsorship in traditional sports, various features of eSport make the sponsorship in conjunction with the event very unique and different from the traditional sports sponsorship: the target market, the categories of sponsors, the form of sponsorship, etc. This study intends to compare eSport to the traditional sports, find out the unique characteristics of eSports, and discuss a recent eSport sponsorship in the 2018 League of Legends World Championship: where eSport was featured as a “brave new world” full of opportunities and risks for sponsorship by using a case study method. In the end, the implications, future of eSport sponsorship, and limitations of the research will be explored.

Literature Review

What is Sports Sponsorship?

Sponsorship had been defined as “an investment, in cash or in-kind, in an activity, in return for access to the exploitable commercial potential associated with that property” (Meenaghan, 1991, p.36) and the property “typically a sport, entertainment, non-profit event or organization” (IEG, 2000). Among various marketing activities, commercial sponsorship is one of the largest and fastest growing areas and “is increasingly important as an element of the communications armory of the marketing-driven corporation” (Meenaghan, 1988, p.305). According to the IEG Sponsorship Report (2018), global sponsorship spending increased from \$37.9 billion in 2007 to \$65.8 billion in 2018 (estimated). And the sponsorship spending occupied 13% of marketing services spending in 2017 (GroupM, 2018).

As its name implies, sports sponsorship means activities through or for sports. In reality, service products provided by various entities such as sports teams, sports facilities, events, or athletes; they can also invest communication vehicles including TV programs, Internet video channels, etc. For many events, teams, and athletes, sponsorships have been often their major income source (Greysier & Lund, 2016). In exchange, sponsors can have various benefits, for example, their brand name or logo can be showed in facilities or jerseys, sponsors can hold exhibitions on-site, and the commentators will repeatedly announce and refer their brand name a number of times. (Lagae, 2005)

Furthermore, sponsors can gain more than direct benefits as listed. Sponsors can leverage marketing benefits from the sponsored party and build brand awareness. Their product sales can be enhanced due to the concession stands and promotion via events, athletes, or teams.

Also, sports sponsorship can help sponsors to expand their market to a new geographic region or new target segments (Meenaghan, 2001; Roy & Cornwell, 2004).

Sponsorship in the Marketing Mix

The concept of marketing mix was originally proposed in 1960 by McCarthy in his book *Basic Marketing: A Managerial Approach*, which provided a framework for marketing decision-making. The marketing mix can be divided into four groups of variables commonly known as the 4Ps: 1) Product: goods, services, or any combination of the two offered by a company to provide benefits to its customers; 2) Price: a statement of value for product and the consumers need to pay the amount of money to purchase; 3) Place (or distribution): activities that make the product available to consumers; and 4) Promotion: activities that involves all forms of communication that feature the benefits of product to consumers and persuasion to elicit the purchase decisions (Armstrong, Adam, Denize, & Kotler, 2014; Shank & Lyberger, 2014).

Meehaghan (1983) referred the promotion in the marketing mix as a communications mix, which includes advertising, personal selling, sale promotions, and publicity. These promotional activities are often standalone, whereas sponsorship activities are often combined with various other communication activities. Sponsorship acts as a powerful medium to create touchpoints for brands to contact and interact with consumers. Scholars have suggested the sponsorship in the marketing mix should be considered as a strategic move with the potential to generate a sustainable competitive advantage (Slingshot, 2011; Fahy, Farrelly, & Quester, 2004).

How to Evaluate Sponsorship Effectiveness?

There are so many sponsorship effectiveness evaluation methods, and most of them were included in three areas: media exposure measures; monitor changes in consumers' perception; and monitor changes in sales (Crompton, 2004).

Media Exposure Measures

Media exposure measures, also called media equivalency values, measures the media value that a sponsor receives. It compares the sponsorship-related media coverage with the cost of advertising space or time in the comparable situation. Typically, it counts the time for the television coverage duration, measures the size of press coverage in paper media. And the dollar value can be calculated by tracking these media mentions and its equivalent advertising paid rates. For example, a company invested \$5 million in soccer, and get \$50 million equivalent value from its media coverage. This means the company received \$10 in value for every \$1 spent on its soccer sponsorship. (Schlossberg, 1991).

Consumers' Perception Measures

These methods evaluate impacts for consumers' cognization and perception of sponsorship. Include brand awareness, brand image, and purchase intention (Chandon, 2003).

According to Keller (1993), brand awareness relates to brand recall and recognition associated with the sponsored party. The recall can be aroused by consumers' pure memory for the sponsorship, by the relativeness (congruence between sponsors' brand and event) (Roy & Cornwell, 2004). Another method to measure the awareness is by the website visits. For example, after the sponsored event, the company's website has more unique visitors compare the visitor number in normal days. This can be a convenient method because consumers practiced their awareness of a brand to their actions (Crompton, 2004).

Brand image means the perceptions of consumers toward a brand and how the brands built their images connected with the event (Keller, 1993; Chandon, 2003). As Crompton (2004) suggested, brand or company image enhancement is “a stage closer to the desired sales outcome than awareness” (p.277). The brand image includes brand trust, brand credibility, and other elements in building relationships with consumers and enhance their brand perception. All of these factors can be measured.

Purchase intention means the consumers’ plan or desire to purchase sponsors’ products or services in the future. It can be measured by doing surveys with consumers and compared to prior years’ results (IEG, 1990).

Impacts-on-Sales Measure

The impact-on-sales method is a direct measurement of sponsorship effectiveness because it means the sponsorship investment had transferred to consumers’ actual action. It can be expressed in several ways such as the increased traffic in stores with the sponsor’s brand or product and increased sales or income related to sponsorship. These can be measured by comparing the sales before and after the activation of sponsorship, count how many sponsor-related coupons used, count the people visited the store, etc (Crompton, 2004).

Congruence and Matching in Sponsorship

Congruence between the sponsors and sponsored parties is one of the most highlighted relationships in sponsorship research. Put the concept in sports sponsorship context, it means the extent of matching between the sponsor brand and the features of the sports event (Lee & Cho, 2009). For example, the sponsors and sponsored parties have the same goal (e.g., some non-profit events), related brand equity (e.g., a running event and running shoes manufacturer),

etc.

Many factors may affect the extent of sponsorship matching. The sponsorship information processes differed by the knowledge levels of event and brand equity (Roy & Cornwell, 2004). For sponsors with high brand equity, the consumers with different knowledge levels would all rate congruent; while for low brand equity sponsors, the consumer with low knowledge level would rate more congruent than those have a high level. The research by Gwinner and Bennett (2008) found that the brand cohesiveness and sports identification had an impact on consumers' attitude and can affect their purchase intentions. Lee and Cho (2009) found that the personality of brands and events are related to the matching level. In their conclusion, the pair of "sincerity" brands and "diligence" events can result in the best matching level.

eSport as a Sport

One of the central issues related to eSport is whether it fits the previously established definitions of sports (Schaeperkoetter et al., 2017). Before giving a definition of "eSports", it seems necessary to answer "what is sports" first. As Jenny, Manning, Keiper, and Orich (2016) (2016) indicated, while the definitions of sports have been discussed in various articles or researches, a universal and ultimately definition still undetermined. Sports should always involve physical activity and be practiced for recreational proposes. Ideally, sports also involve competition elements (Rodgers, 1977). To overcome opponents, the participants need to have physical skills instead of pure chance (Suits, 2007). Also, the sports must be organized under a framework in contrast to spontaneous actions (Rodgers, 1977; Jonasson & Thiborg, 2010). Finally, a sport needs to be widely followed and have rules that can regulate and stabilize it

(Suits, 2007).

According to Jonasson and Thiborg (2010), it is subversive to conclude eSports into sports from aspects of public recognition and media discourse. Moreover, people often regard sports as a virtue, and they may have a negative view of computer gaming because the stereotype of a gamer always refers to nerd or lack athletic abilities (Kendall, 2011). A rational way to fit eSports into sports could be by comparing the features between them, figure out the differences and plausible similarities.

Jenny et al. (2016) made a thorough comparison between eSports and traditional sports in seven aspects: play, organization, competition, skill (instead of pure chance), physically (activities and physical skills), broad following, and institutionalization. They found it is debatable whether eSports involve physical activities because, for the majority of eSports, players physically engaged in different ways. Their bodies are not mimicking the movements of the virtual characters in the game, players just sitting down and pressing buttons, moving their arm in a limited area to control the characters (Jenny et al. 2016; Hallmann & Giel, 2018). Although this is a kind of fine motor movement (Haibach, Reid, & Collier, 2011), only a few commonly accepted sports characteristics are primarily involved in fine motor movements. In addition, there are some formalized governing bodies of eSports, but institutionalization may more likely be to come yet.

The absence of physical activities was not supported because eSport players show signs of physical exertion during their competitions and training, the physiological stresses and strains are comparable to the top-level athletes in other sports (Li, 2016; Kane & Spradley, 2017; Hallmann & Giel, 2018). Also, physical skills can generate competitive advantages in

eSports, an obvious example is the professional eSport athletes can perform higher actives per minute (APM) than those amateur players (Wong, 2016). The institutionalization factor can be found in the League of Legends (LoL) World Championship Series (Rosell, 2017) and the Overwatch League (2017). And Cunningham et al. (2017) mentioned eSports are increasingly intertwined with traditional sports organizations and institutions such as sponsorship to expand the market appeal.

The Essence and Uniqueness of eSports

“ESport” is not organized by a single game, but a cluster of competitive video games with specific features including first-person shooter games (FPS, e.g., *Counter-Strike: Global Offensive*, *Overwatch*, *Rainbow Six: Siege*, etc.), real-time strategy games (RTS, e.g., *StarCraft 2*), multiplayer online battle arena games (MOBA, e.g., *Defense of the Ancients 2*, *League of Legends*, etc.), and battle royale games (e.g., *Playerunknown’s Battlegrounds*, *Fortnite Battle Royale*, etc.). Beside these well-popularized eSports, a variety of competitive video games are regarded as eSports although only a few hard-core players are participating in such as *Tetris* and *Street Fighter V*.

ESports can be practiced both online and offline, in a broader view, anyone can open the terminal anytime to start a competition game with others – no matter stranger or their friends. For audiences, they can watch events on-site or from online streaming. The League of Legends World Final 2016 attracted over 21,000 on-site viewers in Staples Center and more than 40 million unique viewers in online streaming platforms during the Best-of-Five match (Kresse, 2016).

As for the definitions, Wagner (2006) defined eSports as “an area of sports activities in

which people develop and train mental or physical abilities in the use of information and communication technologies” (p.2), and Jenny et al. (2016) defined it as “organized video game competitions” (p.4). Hamari and Sjöblom (2017) considered eSports as “a form of sports where the primary aspects of the sport are facilitated by electronic systems; the input of players and teams, as well as the output of the eSports system, are mediated by human-computer interfaces” (p.2). These definitions may be vague but can draw us a sketch of what is eSports and open the investigations followed. In my point of view, I shall consider eSport as a kind of organized competition based on the video games and draws a variety of organizational and operational elements in traditional sports for my future discussion.

With the unique characteristics of eSports, the comparison to traditional sports is only partially conceivable. Since the developers play a dominant role in video games and eSports, the eSports organizations are majorly operated by developers and the third-party organizations only have limited importance (Funk, Pizzo, & Baker, 2018). Then, the revenues of eSport events are mainly depend on streaming broadcasting and sponsorship (Hallmann & Giel, 2018). eSports “represents gamification in its purest form and can render, thanks to its unique setting, memorable experiences” (p.17). Seo (2013) applied the experience economy model to eSports and concluded its uniqueness: (a) entertainment activities are reflected by broadcasting and player communities; (b) education is related with the governing institutions (developers in most of the situations); (c) escapism relates to video games, Cyber Café, etc.; and (d) aesthetic is reflected by eSports events.

eSport as a Social Ethos

The competition based on video games has a long history as the video games itself. The

arcade manufacturer Atari launched a *Space Invaders* tournament in 1980, over 10,000 participants competed to be the world champion. The blooming of eSports is together with the development of the Internet, the local and wide network gave people more chance to versus another human instead of took many efforts to technology competence face-to-face (Griffiths, Davies, & Chappell, 2003).

ESports can challenge our previous knowledge of sports venues. The eSports venues do not require bats, baskets or nets, but some specially designed equipment makes them different. An eSports venue needs to prepare computers for participants, cables to connect all devices together, and large-scale monitors for the audience. Then, by the growth of mobile eSports, some competence mobile games become eSports such as *The Arena of Valor* and *Battle of Balls*, the future mobile eSports venues may just need to provide the wireless network. For the organizer, they can either adapt existing venues or use specific venues for eSports (Jenny, Keiper, Taylor, Williams, Gawrysiak, Manning, & Tutka, 2018; iResearch, 2018).

ESports can make unique features for the professionalized pursuits. As Seo (2016) described, professionalized eSports players viewed eSports neither a leisure activity or work. Professionalized players can establish positive relationships among themselves and fulfill their socialization needs. They can gain a strong self-actualization sense by participating in events, win a prize or get the achievement. Finally, when players started a professionalized career, they still valued it as fun and self-motivating from mastery of skills and the pursuit of self-improvement.

In the past few years, a variety of collegiate athletics departments have started varsity eSports teams which may change the previous collegiate athletics demographics. In Jenny et

al. (2016), eSports within intercollegiate sports has the potential to improve participant diversity within athletic departments. A large proportion of the eSports players are Asian American, which may be lacking in some athlete departments. Also, Kane and Spradley (2017) suggested that eSports provide females fair opportunities to compete against men on female teams or mixed teams, the sport should be listed as an emerging sport under Title IX by NCAA. Which can definitely give female more chance to become a collegiate athlete.

Methodology

The research objectives of this study were to (1) explore sponsorship in eSports, and (2) discuss the opportunities and challenges in eSports sponsorship. In order to address these objectives, a single intrinsic case study approach was adopted.

The case study focuses on a singular case and concentrates on the experiential knowledge of the case and the case's social influences, political impacts, and affects to other contexts (Markula & Silk, 2011; Stake, 2005). In this research, the League of Legends World Championship 2018 (Worlds 2018) was selected as the case to be analyzed. The Worlds 2018 had 24 teams from all over the world and broadcasted via 14 online streaming platforms with 16 languages. As the biggest eSports competition in 2018, the event is a typical case for the analysis.

Six evidence sources can be applied in a case study design including documentation, archival records, interviews, direct observation, participation observation, and collecting physical artifacts according to Yin (2017). The research focused on the interpretation of the direct observation and documentation, analyzed the benefits and displays of the sponsors in the event and made a reasonable explanation for the phenomenon observed. The direct observation evidences were from the replays of the live broadcasting uploaded on the official accounts on YouTube (North America broadcasting source) and Bilibili (Mainland China broadcasting source). The documentations include the event reports from professional research intuitions, analytic articles, and news from various medias in Chinese and English.

Results

Case Study: League of Legends World Championship 2018

Exploring Sponsorship in eSports

League of Legends is a multiplayer online battle arena video game developed by Riot Games and released in 2009. The formal game mode for ranked game and eSports tournaments is called “Summoner’s Rift.” In this mode, two teams consisting of five players (“summoners”) per team control the characters (“champions”) with different, unique abilities and compete against with another team. During the game, players can expand their advantages by eliminating enemy champions, killing minions, destroying the towers and inhibitors, and controlling the neutral objectives on the map to reach their final goal: destroy the “nexus” of opposing team which is protected by defense turrets. The game was widely praised after its release in 2009 and became the most popular PC game with highest play hours in North America and Europe by 2012. In January 2014, the data released by Riot Games showed that the game has 27 million daily active players and 7.5 million concurrent players at peak times (Farokhmanesh, 2014). Meanwhile, *League of Legends* is ranked top on streaming media, and video platforms include Twitch and YouTube (Newzoo, 2019). According to a recent estimation, the game supports 100 million to 120 million players every month in 2018 (Samples, 2018)

2018 League of Legend World Championship (Worlds 2018) is the eighth championship of *League of Legends*. The tournament was held in South Korea from October 1st to November 3rd, the group stage and quarterfinals were played in Busan, semifinals were played in Gwangju and finals were played in Incheon (Riot Games, 2018). Twenty-four teams were invited to the event based on their placement in regional circuits and shared the highest

prize pool ever at approximately \$6,450,000 (Riot Games, 2018; Goslin, 2018b). The tournament was broadcasted via 14 online streaming platforms with 16 languages and the total watched time was 6,216,310,889 hours. Also, the tournament's finals between eSports teams Invictus Gaming and Fnatic reached a peak of 205,348,063 concurrent viewers made the tournament became the most watched eSports event in history (Esports Charts, 2018).

Sponsors in League of Legends World Championship 2018

According to YouFun and GameSeer, two Chinese entertainment research institutes, the 24 teams had 51 sponsors appear on their uniforms in the Worlds 2018. Royal Never Give Up (RNG) from China had the largest number of sponsors (see Figure 1). Most of the team sponsors belong to the product categories of gaming peripherals (mouse, keyboard, earphones, etc.), electronic hardware (CPU, memory, monitor, etc.), streaming platforms, and food industry (YouFun, 2018). Table 1 summarized the list of team sponsors.

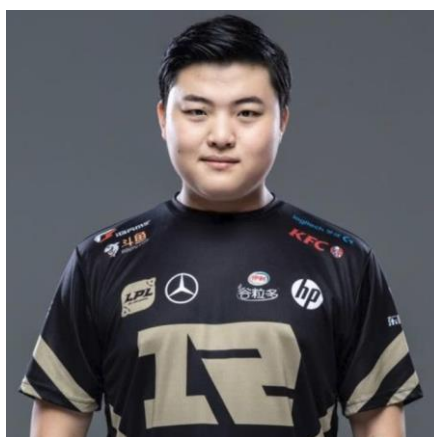


Figure 1 – Team uniform of Royal Never Give Up (RNG)

While the sponsors in traditional sport event sponsorships frequently market non-sport product, this phenomenon is not hard to explain. As gaming peripherals and electronic hardware are indispensable in video games and eSports. The sponsorship can help the team save money and enhance brand awareness for sponsors. A recent survey showed that the team's

endorsement and/or sponsorship brands would affect eSports consumers' purchase decisions to some extent (WanPlus, 2019). One thing we need to notice is that although the gaming peripherals brands sponsored the team, it is not mandatory for players to use the keyboard or mouse provided by these brands because players always have their own preferences. Then, unlike traditional sports, the eSports events almost have no TV broadcast and the video/live streaming platforms are the most important broadcast channel for eSports. Meanwhile, eSports and video games are also important categories of live streaming platforms, so the platforms can gain users from broadcasting and cooperating with eSports events.

Table 1.

League of Legend Worlds 2018 Team Sponsors List

Gaming Peripherals	Electronic Hardware	Streaming Platform	Appeal	Beverage
Razer	MSI	Douyu TV	Mon2Fri	Yili
Cherry	Acer	Panda TV	Lining	Dongpeng
Logitech	A-DATA	Zhanqi TV	Adidas	Warhorse
SteelSeries	HP	Watermelon Video		Tao Ti
Zowie	NVIDIA	Tencent eSports		POCARI SWEAT
Microsoft	Corsair Memory	NIMOTV		Monster Energy
Nighthawk	AMD	afreecaTV		Red Bull
HTC	Colorful iGame	BB eSports		wake-up coffee
	AORUS			
	Intel			
Food	Finance & Insurance	Agency	Others	
KFC	MasterCard	Sun Entertainment	Mercedes-Benz	
Doritos	Taishin Bank	Emperor Esports Stars	LYNX (Skin Care)	
Wan Chai Ferry	Rocket Mortgage		KT (Carrier)	
	Pearl River Life		Wanyoo Cyber Cafe	
	China Taiping			

An interesting fact is that Worlds 2018 had only one global level sponsor – Mastercard (Goslin, 2018a). All other sponsors were regional level, for example, LPL (Mainland China)

had Mercedes-Benz, KFC, and Yili; LCS-NA (North America) had Statefarm and Acer (Predator), LCK (South Korea) and LCS-EU (Europe) had no sponsors. Take LPL as an example, although there is no public data for the cost of sponsor in Worlds 2018, the industry insiders revealed that the chief sponsor of LPL in Worlds 2017 was over 50 million CNY (approximate 7.4 million USD) (Ma, 2018). The number of sponsors in Worlds 2018 has decreased compared with Worlds 2017, but the brand equity and brand awareness have a trend of further increase (see Table 2).

Table 2.

League of Legend Worlds 2017 and 2018 Sponsors List – Mainland China

Worlds 2017	Worlds 2018
Mercedes-Benz	Mercedes-Benz
Yili	Yili
L'Oreal Men	KFC
Intel China	
Logitech	

Sponsor Benefits

Just like traditional sports, eSports events can be divided into event time and rest time.

In Worlds 2018, sponsor benefits were similar to traditional sports events in broadcasting.

Advertisements and studio broadcast occupied rest times. The video advertisements included sponsor contents and collaborative contents. Figure 2 is a screenshot from advertisement of Mercedes-Benz. A Mercedes-Benz SUV is heading to the venue of Finals - Incheon Munhak Stadium and the subtitle says “born of a new champion”.



Figure 2. Mercedes-Benz Advertisement for LPL

In the studio, we can see sponsors' logos and products (see Figures 3 and 4)



Figure 3. Broadcasting Studio of LPL (Mainland China)



Figure 4. Broadcasting Studio of LCS-NA (North America)

During the games, the commentator will name the sponsor and add relevant content to the game commentary. And the broadcasting screen has a fixed part for sponsors' logos and information at the bottom left (see Figure 5).



Figure 5. Broadcasting screen

The bottom middle part displays the players' information and is used for sponsors. In the live broadcast of Mainland China, Kentucky Fried Chicken (KFC) cooperated with PentaQ, a Chinese League of Legend data analysis team, released "Colonel KI" to predict the game. The prediction included the line-up strength ratio and the real-time winning probability curve (see Figure 6 and 7). Although many spectators think the predictions of Colonel KI were not always accurate and sometimes even contrary to the final results, it has strengthened the spectators' memory of the image of KFC. Many players joked that they want to eat the Colonel Nuggets (a kind of chicken nuggets provided in China KFC) when they saw the Colonel KI (Ma, 2018).



Figure 6. KFC Colonel KI Line-up Strength Ratio



Figure 7. KFC Colonel KI Real-time Winning Probability Curve

The most amazing one was the KFC's in-game advertisement. The first blood (the first

killing of the game) will trigger the special effects on the sides of the screen and the coupon will popped up at the bottom, spectators can scan the QR code to claim the discounts (see Figure 8).



Figure 8. Special Effects After First Blood

The Negative Effects from RNG's Loss

Royal Never Give Up (RNG) from League of Legends Pro League was the top-seeded team of Worlds 2018. Before the championship, they won two regional titles and three international titles during the season: LPL 2018 Spring Split and 2018 Summer Split, 2018 Mid-Season Invitational, 2018 Rift Rivals, and 2018 Asian Games. Sponsors and fans both had high expectations on RNG and were confident that they would win the sixth champion this year in Worlds 2018. In Chinese social media, fans describe 2018 as “the best year for the LPL”.

RNG had 11 team sponsors in Worlds 2018. Compared with other teams from LPL, Edward Gaming (EDG) had 7 sponsors and Invictus Gaming (IG) had only 3 sponsors (see Table 3). The sponsors spent lots of money on RNG including the television commercial advertisements, specialized package, social media activities, etc. These contents were able to generate hot discussions among fans and established positive emotional connections between

the team and brands.

Table 3.

Sponsors to LPL teams

RNG		EDG	IG
Mercedes-Benz	LYNX	Lining	Panda TV
Yili	Logitech	Wan Chai Ferry	Corsair
KFC	iGame	Intel	Wanyoo Cyber Cafe
Doritos	AORUS	Zhanqi TV	
Douyu TV		Razer	
HP		BB eSports	
Dongpeng		Warhorse	

However, everything stopped when RNG lost to Gamers 2 Esports (G2) in the quarter-finals. Since RNG carried too many hopes, the negative emotions of players had skyrocketed after RNG's loss. The relative comments were listed as the hottest topics of Weibo (a Twitter-like social media platform in China) for ten times in two days, all negative. And the brands established emotional binding with RNG had been countered by public opinion. The irrational fans asked to remove the advertisements and even blamed the sponsors for the loss of RNG. For sponsors, they need to face the reputational crisis brought by the defeat and all the prepared contents and materials that were invalid.

The Opportunities and Challenges in eSports Sponsorship

In recent years, the increase in the size and number of eSports events and the optimization of spectating events have provided various opportunities for brands to achieve their demands easier. According to a recent study, 72% of consumers positively view the brands that offer a high-quality event experience and build the purchase intention with the memorable moments (Event Marketing Institute, 2016). Also, the majority of eSports fans were aged between 18 to 34 years old with high spending power (Nelson, 2017; Nelson, 2019; WanPlus,

2019). For those brands who want to reach the young generations, sponsoring eSports event is one of the best choices. For example, Mercedes-Benz can create a young and sporty brand image by sponsoring the World Championships and benefit from the memorable moments during the events. Then, the FMCG and consumer electronics categories are pursuing high conversion rates from the high spending power of eSports players/fans.

In traditional event sponsorship packages, the benefits include naming rights, on-site display, broadcasting, advertisements, etc. (Wong, 2019). The benefits can bring lots of exposure to sponsors and build the congruence between the brands and events. However, the high-quality and high-influential events are relatively scarce resources and sponsors need to invest a lot of money to maximize the effects. Compared with the high cost of sponsoring the eSports events, the sponsorship cost to the best team participated in Worlds 2018 was less than 10 million CNY (approximate 1.4 million USD) (Ma, 2018). Being a sponsor of the eSports team seems a more cost-effective opportunity for brands. The fans of the teams are often in high loyalty levels, which makes it easier for fans and brands to establish the emotional bondage. Meanwhile, the players' image and resources can enhance the interaction between the fans and brands.

However, sponsoring a team is a double-edged sword with not only opportunities but also challenges. Similar with traditional sports, two kinds of social psychological phenomena can be observed from eSports fans: BIRGing (basking in reflected glory) means refers to the tendency of individuals associate themselves with successful others; CORFing (cutting off reflected failure) means the disassociations from the failure of another (Campbell, Aiken, and Kent, 2004). Obviously, RNG's loss in the quarter-finals and the follow-up troubles suggested

the fans tend to distance themselves with the team and cause uncontrollable risk to sponsor parties. Sponsors need to consider these mental states as a challenge to prepare plans for risk aversion and emergency response when they sign the sponsorship contract with the teams.

Discussion

In PwC's Sports Survey 2018, eSports overtook football (soccer) as ranked 1st in growth potential worldwide. In the past few years, game developers or publishers have launched franchises and minor leagues, whereas traditional sport leagues also have introduced competitive gaming leagues such as NBA 2K League. In addition, mainstream and online broadcasting networks have begun to cover eSports contents gradually. The eSports gained development momentum as the maturity of the industry. (PwC, 2018). Another notable sign is that eSports are increasingly favored by capital investors. After Blizzard launched the franchise plan of Overwatch League in 2017, Gillette, Kraft Group, Netease, NRG, Microsoft, SterlingVC, T-mobile, and other investors announced the acceptance of the plan at the first time and invested nearly \$20 million per seat to join the league (Heitner, 2017).

As Newzoo's prediction, the global eSports revenues will surpass \$1 Billion for the first time in 2019 with a year-on-year growth of 26.7%. Around 82% of the total market will come from brand investments (sponsorship, advertising, and media rights). The highest revenue is from the sponsorship, estimated reach \$456.7 million (Newzoo, 2019). From the previous discussion, sports sponsorship can bestow a company or a brand various competitive advantages include brand awareness, brand image, and purchase intention (Keller, 1993; Chandon, 2003).

Two approaches of sponsoring eSports can be implemented by branding sponsors: sponsoring the eSports events and sponsoring eSports teams. With the well-executed operation and management, branding companies would likely be able to get significant returns by sponsoring eSports events. However, the congruence theories suggest that the sponsorship

investment must consider not only limited resources for the investment but the effective ways to link the consumers with the sponsorship brands and/or products. The companies need to consider their brand equity prudently in the sponsorship process in order to build a better sponsor-event relationship. Sponsoring eSports teams is a choice with lower cost and easier to build emotional bondage with fans of the teams. But sponsorship activation is critically dependent upon the teams' performance in the gaming competition. When choosing a team to cooperate, brands need to fully understand the fans' possible reactions and expectations. After all, there will always be risks in the selection of teams in competitive sports and no one can predict who will win the title. But the brands can focus on the essential values associated with any sport competition such as "never give up" or comfort and encourage fans' emotional involvement with the teams to connect with the fan community that can maximize their return-on-investment in turn.

The evolution of brand marketing through eSport sponsorship can be described into two distinct periods. In the first period, gaming peripherals and electronic hardware brands directly associated with video gaming are the sponsors of eSports. Since eSports are functionally depended on these devices, they are naturally becoming initial active sponsors of the industry. In the second period, traditional consumer brand companies begin to pay attention to eSports gradually. At this stage, eSports' unique cultural attributes, popularity, and emotional appeal to young consumers might be recognized by various stakeholders of the industry, which has made eSports a vehicle of sustainable brand development in turn. For these sponsors, it is important to fully understand various characteristics of eSports and choose the best properties that fit the brands' strategies and expectations, which can make them take an advantageous position as the

industry grows.

Nowadays, the eSports industry is advancing with various notable socioeconomic dynamics. The boundaries between traditional sports and eSports may be gradually redefined under such dynamics of commercialization and institutionalization. It is not hard to expect that eSports would evolve to a significant segment of the sport entertainment industry and create a prominent status in the industry in the near future. Welcome to the Brave New World!

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