

Chapter 5

eSports Sponsorship: Current Reality and Future Potential

ABSTRACT

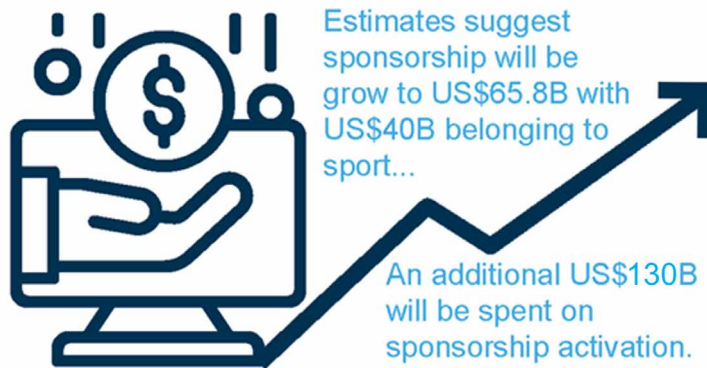
Previous chapters have articulated that eSports has arrived and is worth deep investigation and consideration. Billions of participants, a competitive gaming market, technology advances, and celebrity athletes are among many other positive characteristics. As seen in other properties with characteristics like this, sponsorship becomes a viable revenue source as brands are able to reach engaged consumers/fans and seek to achieve their own business objectives. This chapter introduces the marketing tactic of sponsorship, applies and examines it in eSports and assesses its future potential.

INTRODUCTION

Sponsorship is an established tactic within the marketing mix of brands who are seeking to promote their products, services and ideas to specific target markets. Sponsorship is used by properties seeking revenues in many fields beyond professional and amateur sport, including festivals, events, music, municipalities, arts, causes/charities, and venues. However, within sponsorship, most studies report that the majority of sponsorship spend by brands is in sport sponsorship.¹

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Figure 1. Sponsorship spend



IEG (2018) estimates that sponsorship spend globally in 2018 would grow by 4.9% over 2017 to be US\$65.8B of which US\$40.2B was on sport sponsorship. Based on their estimates, IEG (2018) suggests more that another US\$130B is spent globally on activating sponsorships (i.e., additional investments to insure the sponsorship is effective). PwC (2014) estimates that approximately 25% of the revenues in the sport industry are from sponsorship.

By definition, a sponsorship is a promotional activity when one organization (the sponsor) provides an investment in the form of a financial and/or a product or service contribution to another organization (the sponsee/property) in exchange for the ability to promote their brands to their target group(s) (Meenaghan, 1991).

In terms of the business aspects, sponsorship is the amount that a particular organization (normally a brand) invests directly as a 'rights fee' that is paid directly to the property in return for the right to associate with that property towards the pursuit of some marketing objective (O'Reilly, 2009). Well known examples are Nike's sponsorships of many elite athletes (e.g., Michael Jordan, Raphael Nadal, Serena Williams) or beverage companies with major events (e.g., Coca-Cola and the Olympics Games). In these partnerships, the investor, or sponsor, pays the rights fee and is typically a corporation but these can also be a not-for-profit organization, government, association or agency. The property (sometimes called the sponsee) receives the investment as revenue to support their own operations and activities. In the sport industry, properties include professional sport, Olympic sport, amateur sport, grassroots sport and, now, eSports. It is important to note that the investment made by sponsors and the resulting resources received by properties, include cash as

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