MASTER’S THESIS

Value creation through sponsorship in electronic sports

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Abstract

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The objective of this thesis was to study value creation through sponsorship in a new emerging electronic sports environment. Sub-questions were formulated which helped in finding answers to the main research question. Theory of traditional sports and practice of electronic sports were compared with each other in order to find out how theories of traditional sports fare in the new environment.

B2B-relationship model of Actors, resources and activities is used in this thesis to help in clarifying the different variables used in electronic sports sponsorship environment. The empirical research was conducted via interviews with the managers working in electronic sports environment.

One of the main conclusions is that relationship management is really important. Actors in electronic sports need to find and create win-win-win situations. This means that they need to benefit the actors in sponsoring relationship and also the community.
Tämän tutkielman tarkoitus oli tutkia, miten arvon luonti tapahtuu sponsoroinnin avulla uudessa elektronisen urheilun ympäristössä. Tukikysymyksiä muodostettiin helpottamaan löytämään vastauksia päätutkimuskysymykseen. Perinteisen urheilun teorian toimivuutta testattiin vertaamalla sitä elektronisen urheilun käytäntöihin.

Tässä työssä käytettiin ARA-yrityssuhdemallia selkeyttämään teoksen eri muuttujia elektronisen urheilun ympäristössä. Empiria kerättiin haastatteluista yritysjohtajien kanssa, jotka toimivat elektronisen urheilun parissa.

Yhtenä tärkeimmistä johtopäätöksistä on, että suhteiden hallinta ja johtaminen on erittäin tärkeää. Elektronisen urheilun parissa toimivien toimijoiden on löydetävää ja pystytettävä luomaan tilanteita jossa kaikki voittavat. Tämä tarkoittaa sitä, että toimijoiden on pystytettävä sponsoroinnin kautta tuottamaan hyötyä itsensä lisäksi myös yhteisölle.
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Foreword

Computers and video games have always been close to my heart. It is fascinating also to me how new concepts arise. The growth of gaming scene and community have pushed playing videogames already to the field of business and sports. As a member of the gaming community and a semi-professional gamer, I have been here to witness it myself. I was really happy I could conduct a study which was related to things I really care about. Merging a hobby in a business context is not always easy, but in this case it was at least interesting.

A huge thanks to my supervisors Hanna-Kaisa Ellonen and Jyri Vilko who helped me through this process. You gave me new insights on how to approach the thesis, questions and gave me courage to keep on going.

Personally I would like to also thank the interviewees, you know who you are. With your help I was able to learn more about the practices of electronic sports sponsorship. Thank you for arranging the time for the interviews and helping in finishing this study.

Thank you my fellow student colleagues, you are wonderful people and no doubt about it we have become lifetime friends. It was fun sharing my study years with such wonderful people.

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1 INTRODUCTION

The world changes around us, things related to our everyday habits are becoming more and more related to computers and digital environment. This changes businesses as well as new business environments are emerging. New terminologies are emerging and technology is developing at a high pace. One of these new concepts is electronic sports (also known and further on referred as eSports). The tools and gadgets used in sports have developed, but this does not relate to digitized skates or electronic hockey sticks that have their own artificial intelligence. eSports is related to the world of computers and more specifically to computer games. People have been playing video games already for decades and Internet has brought people together a lot.

Instead of playing alone at home or having to go to your friends place to play together (hot-seat), you can now safely play computer games at home with your friends without their physical presence. Growing gaming community has created around it a competitive environment where it is possible to prove your proficiency, whether it is on the local, national or world championship –level. Currently eSports is a rising matter and companies have started to gain interest towards people and organizations related to computer gaming.

I have been part of the gaming community through different games and seen it evolve a lot during the past. For example companies that previously made hardware to go inside computers (e.g. system memory or cooling systems) have also expanded into new markets. This can be seen for example in the Kingston’s and Cooler Master’s case where they have created “HyperX” and “CMStorm” brands that focus on gaming equipment and gear. The marketing of these brands is mainly focused on people playing video games; it is noteworthy to say that the players can be either mainstream/casual gamers or professionals looking for more suitable gear. The products include for example keyboards, mice, mouse pads and even headphones that have been made specifically for gaming. As the gaming community grows, new teams, organizations and sponsors arise. The interests and busi-
ness opportunities become more relevant and the sponsorship related questions in this new field of sports become more important. That is why sponsorship study is one of the key issues in this thesis. Sponsorship has been part of the business world for a long time and it shows no signs of becoming less relevant. Even though sponsorship is widely in use, it has many forms and is not a simple matter, thus this thesis opens up sponsorship related issues and characteristics alongside with its importance.

1.1 Background

Sponsorship is not a new phenomenon. Its roots go as far back as to the antique history, mostly in form of arts and great events which the patronage “sponsored” by giving financial aid. However the word could have been something else and the usage of the word at that time probably differs from the present. The present sponsorship as we know it started begun in the turn of 60’s and 70’s (Valanko 2009, 16, 275). It has grown a lot ever since. In 1974 the estimated sports sponsorship expenditure in the United Kingdom was 18 million pounds (Meenaghan, 1991) and according to the marketing company Mintel the same number had grown to 242 million in 1993 (Mintel 1994). To look globally some of the more recent figures it seems that global sponsorship spending is growing. According to IEG, which is a company dedicated to sponsorship consulting and evaluation, presented that global sponsorship spending rose from 44 billion in 2009 to 51.1 billion in 2012 (IEG 2013). It needs to be clarified that sponsorship expenditure in IEG case meant all type of sponsorships, such as entertainment and culture and not only sports sponsorships.

Some academic research has been conducted regarding eSports, but there clearly is need for more in all the fields of academic research about eSports. This thesis hopes to give contributions to the academy through an eSports study and basing the research on value creation and sponsorships in the field of eSports which is quite special type of sports and differs in many aspects from traditional sports. In addition to that, thesis aims to benefit the companies and organizations (sponsors and sponsored organizations). This thesis also benefits researches who want to study eSports and managers who are unaware of what sponsoring in eSports is
like. Assumption is that there are similarities with traditional sports. Should differences in practice arise, by using this research the current sponsorship managers aiming to engage the field of eSports can better prepared what is ahead of them. By researching this field I also receive knowledge and expertise which benefits me in the work markets of this specific field. Since we are mostly considering also traditional sports point of view, mainly due to lack of study in eSports field, knowledge of traditional sports sponsorship relationships is also gained.

There have been debates whether or not eSports can be counted as a sport. Nevertheless whether eSports is sports or not is not a concern in this thesis. It has many aspects that put it to the sports category even though sports are usually related to physical attributes. Prize money in eSports these days are big and it seems that they could go ever higher. To give a contrast the biggest prize pool in eSports' history was in “The International” event in 2014 and it was almost 11 million dollars (Dota 2 prize pool tracker 2014). In comparison, in the year 2013 it was less than three million. Before that it had been much less and this is only one example of what the community is able to do in cooperation with publishers. This is only one example of one game becoming popular, prize moneys have elevated in other games as well and the number of eSports events, online tournaments and leagues has grown. It is no wonder that the number of people interested in gaming is growing.

One of the reasons to study the sponsorship world through the lens of eSports is the growing gaming community. Growing gaming community increases the numbers of firms interested in partaking in the industry through increased number of potential customers. Since eSports is a new type of sports phenomenon it is important to study because firms working in the field of eSports are all working in relatively new environment. Firms that have been long in sports sponsorship relationships may face new challenges on how to penetrate eSports market. This can be mainly because sports are usually related to physical fitness. Matters like this are less relevant in the world of eSports and consumers in eSports community may not be interested or have the same values that traditional sports sponsors
have to offer. This could be one of the reasons that traditional sports sponsors have not entered the market.

The world of eSports is unknown to many; it is no wonder that firms of computer hardware industry have noticed the new need in gaming industry since hardware is also needed in playing games. This means firms have adjusted themselves in the light of new consumer needs which are related to changing customer needs and customers perception of value and dynamic nature of value. The sponsored counterparts are usually organizations that have been in the gaming community for a long time. Older organizations may have gained more fame and have become known in the gaming communities and can have a meaningful fan base. This fan base and the fame on the organizations are important for sponsors who seek to reach customers and thus use the fame of the organizations to promote their own values.

1.2 Objectives and research questions

This thesis aims to study different aspects and types of sports sponsorship and how and why sports sponsoring is done and what are the benefits of it. Traditional sports sponsorship literature is reviewed and put in the context of eSports and compared. One interesting aspect to study is whether or not the concepts and rules of real world sports sponsorship are applicable in the electronic world. How are sports sponsorship relationships born and is there a certain way they are built, is also an issue of study. The main research question is: what is the value offering and how is value created in the companies with eSports sponsorship relationship. This is a good question, be it any kind of sports. Sponsorship is also regarded as a part of marketing in sports.

The study investigates sponsorship literature and the practices that firms have been using when they are linked in sponsorship relationships. This research paper also studies the practices of firms in the field of eSports sponsorship. The field however is not just any sports but a new emerging sport called eSports. The practices studied are cases; more specifically we focus on how firms do sponsorship business in the eSports field. The research is done in single industry which is the
sports industry and further onwards from that, the eSports industry which has been rarely seen in academic studies or researches. In this study we interview the firms working in eSports business and reflect the found literature of traditional sports sponsorship into eSports. Thus it is a single-industry case study. Also the practices found from eSports companies can differ from each other and from the traditional sports sponsorship literature. Comparing the findings between different eSports company practices may prove valuable for managers in companies aiming to enter the eSports business as there may be multiple ways in doing sponsorship business in eSports. A table was created which presents the main research question under which four supporting research questions are formed. These supporting research questions helped in the formulation of interview questions alongside with the main research question.

<table>
<thead>
<tr>
<th>Research questions</th>
<th>How is value created between actors in eSports sponsorship relationships</th>
<th>How actors engage in eSports sponsorship relationships?</th>
<th>What are the benefits of actors in eSports sponsorship relationships?</th>
<th>What different methods actors use in eSports sponsorship relationships to gain value?</th>
</tr>
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<tbody>
<tr>
<td>How actor relationships in eSports sponsorship work?</td>
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### 1.3 Delimitations

One of the limitations of this thesis is to leave out most of the marketing part as this thesis aims to focus more on value created by sponsorship, even though sponsorship is regarded as part of marketing activities. In short this thesis is limited to sponsoring activities from the marketing part. Brand and brand development are not further explained in this thesis. Brand in eSports is like any other brand in the business world. As stated previously we are not debating about whether eSports can be counted as sports, what we know of it is that it has many
elements of sports such as teams, players, competitiveness and sponsors. Since it is a growing sponsored activity it is worth conducting a research of. The thesis revolves around three main concepts, value creation, sponsorship and eSports. E-marketing and E-commerce are looked into only from the sponsorship point of view if necessary. Also the focus of the empirical part will be based on eSports environment. Since eSports has many elements of regular sports and due to lack of study in eSports field, it is feasible to take a look into sponsorship through regular sports sponsorship point of view.

To my knowledge there also exists very little literature directed to only eSports sponsorship, finding that type of material in the form of academic research may prove to be close to impossible. Value creation is a wide concept and in this thesis the value creation through sponsorship is studied rather than studying the concept of value creation in general. Value creation is studied from the perspectives of companies that receive sponsorship support and from companies that are the sponsoring counterparts. The value itself is ambiguous and dynamic in nature (Day & Crask 2000). There are changes in sponsorship values as well. In sponsorship relationships and co-marketing alliances the companies have started to share their strategic intents and responsibilities (Farrelly et al 2006).

This study is based heavily on relationships and types of relationships in different industries. In this study we go as far as individual levels of relationships meaning that the outcomes of the results of this thesis are not generalizable in terms of value creation in relationships. Also studies from different fields are taken into consideration which may not be universally applicable in all cases. There is also a risk that some of the questions imposed to the company representatives are not answered or are answered only partly due to company or professional secrecy.

1.4 Structure of the thesis

There are six main topics in this thesis along with sub-topics. In this chapter we go through briefly what is included in each section. These six topics are introduction, literature review, methods and data, findings, discussion and conclusions. These six topics could be further categorized into two parts with three topics. The first
The first part is mainly focused on theory as it includes the theoretical aspects such as traditional sports sponsorship. The thesis starts off with the introduction. In the introduction part we discuss about the background of eSports and the study. We discuss what the purpose of this study is. It is also explained why the subject is worth studying and its importance in practice and academia. Also the main research question alongside with sub-questions is presented. The second part is the literature review in which the core concepts such as sponsorship, mainly sports sponsorship and ARA-model are presented. We also present the research framework in this section. In methodology part we explain how the data was collected and how it is analyzed. We also cover what type of research is done and discuss about the validity and reliability of the study.

The latter part is more practical since it relies on the answers of the company representatives in the interviews. In the fourth section we have the findings based on the interviews from the relative actors. The open ended questions are answered in the eSports context by the sponsor companies' representatives. In this part we have the results from the empirical part analyzed. In the discussion session we reflect the results with the theory and discuss about the findings, similarities and differences within them. In the conclusions part we conclude our findings and take our approach to more practical level. We also give managerial implications and recommendations for further studies in this field.
2 LITERATURE REVIEW

The literature review consists of two parts, sponsorships and the B2B relationships ARA-model. Both of the important aspects of this thesis are introduced starting with sponsorship. In sponsorship part the basic elements of sponsorships are discussed. This includes, amongst other important matters, the basic concept of sponsorship. What is sponsorship, what are the benefits and what sponsorship mainly includes are explained in this section. We briefly discuss about the niche markets and sponsorships since eSports has some elements of being a niche market area. We have a look at methods on how sponsorship relationships are born. Sponsorship clearly would not be done with any benefits so we cover the benefits of sponsorship in this section as well. Finally, events are important in maintaining and creating new links in sponsorship relationships and we cover event sponsorship separately in this section. The second part concentrates on ARA-model. Together the sponsorship literature and the ARA-model form the framework of the thesis; moreover, the ARA-model is used to form a framework within eSports context with the help of sponsorship literature.

2.1 Sponsorship

In this part the concept of sponsorship is generalized. Questions like what it is, why it is done and how it is done are explained. Sponsoring is used widely on a daily basis, however in this part we try to find more professional point of view of what it means in daily business and relationships between different organizations. We also look deeper to what is sponsoring in sports, this is because eSports in many people’s mind can be seen as a sport nowadays. Eero Valanko states in his book that sponsorship is always a strategic investment in a company which is based on the company’s needs of doing business. It always needs to create additional value and its efficiency should be calculated alongside any other business done in the company (Valanko 2009, 27).

There are two traditional ways distinguished in sports sponsorships which have been able to turn intangible resources of sport sponsorship into sustainable competitive advantage. The first one is the so called “Shotgun-approach” which means
that firms spend a lot of money on athletes, teams or events that are of a high profile. This approach allows sponsoring firms to form links and develop them. This approach hopes to find a relationship that will benefit in heterogeneous way so that it is impossible for other companies to achieve exactly the same kind of image. Good example of this being the Nike and Michael Jordan case where “Air Jordan” shoes became the best selling shoes at one point in the sports shoe market. The second approach is to try to find an athlete or a team that has a low-profile. The main idea is to hope for the team to develop so that it enhances the image of the company, at the same time supporting the team. The very same idea may be for sports, the type of sport may develop into a more mainstream one and more people start to gain interest towards it. When the sport develops and becomes more mainstream it benefits the companies who have been working longer in the field. For sports sponsoring relationships to become competitive advantages requires hard work and takes a long time.

The four antecedents, heterogeneity, imperfect imitability, imperfect mobility and ex-ante limits to competition are good things to keep in mind. For without these four aspects the sponsorship relationship may fail having very little return-on-investment for the sponsoring company (Amis, 1997). In this article there was a sports team which got a sponsor, and later on the sports evolved into an Olympic sport. ESports may not ever become an Olympic sport but it is a currently growing sport. For the sake of development of the sports, sponsors and organizations are needed to support players, community and to push forward the development of an emerging sport.

Sponsorship is not advertising, in sponsorship there is always an action (sponsor) and counteraction (sponsored entity) meaning that two actors have a relationship that they support with certain activities. It also means that giving something for free is not sponsoring. Sponsoring should always benefit business partners, the sponsor and the sponsored. Sponsorship affects the target groups indirectly with the help of a sponsor and a sponsored organization, which means that it does not advise you directly to buy the product but rather creates an image or notion in people’s minds to make a purchase (Valanko 2009, 49-52).
Sponsorship relationships between actors can be either long-term or short-term even though for strategic development long-term is more beneficial. The sponsoring actor’s strategic goals should be aligned with the sponsoring activities they do and choose their counterpart accordingly. Both of the actors have their own expertise which they use to create value for the other. Offerings may vary but for example according to McCracken (1986) the sponsored actor can have knowledge in event management, it can also help the greater audience to get to know the brand better thus helping to build the image. The sponsoring actor can deliver tangible or intangible support in form of direct financing, helping in organizational processes or by having technological knowledge (Renard & Sitz 2011).

Some Examples of sponsored functions: (Activities between actors and actors within organizations)

- An individual, group, team, company, community, operation/activities, project, media or place(target)
- Event or series of events
- Combinations of aforementioned
- Use of a big event for market benefits and plan & execute own events to target groups and audience to desired target groups

(Valanko 2009)

The sports sponsorship relationships have developed to reciprocal agreements in which both of the actors share common strategic goals. Companies do not engage in sports sponsorship relationships only for the sake of CEO’s love for a certain sport. Dissatisfaction may occur in situations where the two actors feel that they are no longer on a same level on the relationship, in other words, the other actors feels the other one’s contribution in the relationship insufficient. Sometimes the case may be that sponsors invest too heavily so it may be hard for the sport entity to keep up, and sometimes it may be that the sport entity remains too passive. The shared understanding of value between the companies is the key to successful relationships. Because the concept of value is dynamic it is important for both actors to develop and evolve with each other in what they perceive as “value”. It is
important to take into consideration the intangible assets, for example brands and consumer good will, in addition to for example share price evaluation or target audience rating points. It is in these intangible assets that the adaptation towards relationship value comes into the picture. There is a need for new capabilities and competencies to be sought and developed by the actors tied in a relationship for the sake of mutual benefit (Farrelly et al. 2006).

There are main fundamental characteristics of sponsorship and partnerships, the characteristics define when it is possible to use the word “sponsoring” in its real meaning and what makes it sponsoring. As mentioned before there has to be at least two actors in the relationship of which the one is the company offering sponsorship (sponsor) and the other one is the sponsored counterpart (e.g. organization receiving the sponsorship support). Both of the actors have to be juridical actors such as companies or organizations. It means that there is a contractual agreement between the two actors, the sponsored organization owns the rights and sponsor rents the rights for unification. The relationship also has to be based on cooperation that benefits both actors. It includes activities that create value for both companies with tangible and intangible resources. The tangible resources can include money, products, other type of material or services of which monetary value is agreed upon. The effects can be either long-term or short-term. Sponsorship is also always based on company’s strategic needs and is always and investment. Measurable goals have to be set and they are monitored. The companies pursue these types of measurable goals in order to create additional value for their business.

Sponsorship builds up the brand, its distinctiveness and meaning. Sponsorship is also usually part of integrated marketing communications. It also points out the values of a company through practical activities efficiently. Sponsorship also requires work from both actors, the utilization of the benefits of the cooperation is the key to successful results. One of the main goals of sponsorship is to increase company’s sales either long or short-term. Sponsor-wise the sales revenue is important and for the sponsored organization it can be development of the activities within the organization. For the development of both actors, the actors can bring in additional resources for achieving these goals. Sponsorship also aims to create a
win-win-win situation by benefitting the target audience as well in addition to business partners (Valanko 2009, 60-61).

Nowadays sponsorship is a strategic investment by both parties and sport entities are expected to collaborate more in the relationship. By the sponsors, the sport entities are seen more as business partners and producers of value than simply an access to intellectual property rights and media exposure. Of course the sport entities need to develop as well in this case; they cannot simply sit passively (Farrelly et al. 2006).

Sponsorship can be used to create competitive advantage through brand image building. When making decisions whether or to invest in sponsorship, it is important to evaluate the benefits of it and if a competitive position can be reached. According to Pralahad (1994) and Amis (1999) three criteria should be met to gain competitive advantage through sports sponsorship. First, the service or product should significantly increase the customer perceived value. It should also allow the brand differentiation from the competitors and create new space for exploitation of the sponsorship deal through new services and products (Papadimitriou et al 2008).

Brand building is an important task to the sponsored organization which is why concentrating on brand building is important. When looking for long-term relationships which help building brand further and enhancing relationships, sponsored party should not only offer places for advertisement that might relate to events. Moreover, sponsors may not be interested in this type of relationships in the first place. If the relationship is meant to be long-term, the activities should include more than sponsored party only offering an image platform. Sponsored party should base sponsored activities in its own brand that it has built taking into account its own customer segment. There needs to be close cooperation between the two parties, they can share expertise and synergy should be maximized. It is easy to think that especially in sports sponsorships the sponsored teams’ results matter. Results matter to some extent, but it is only one aspect of visibility and it can be risky to base the sponsorship relationship on it.
Based on sponsored actors own brand they should be able to align the brand with the sponsor’s requirements, this means usually that the values of the two actors must be aligned. This means that the brand can be tailored to some extend and optimized in different situations to reach the final consumers and gain maximum return on investment (ROI) for the sponsoring actor. Brand must be built by the sponsored actor in order to have its own identity and then to be able to transfer value to the sponsoring actor. In some situations, for the core values to stand out there should be limited number or sponsors. Having limited number of sponsors ensures that at least the main sponsoring actor’s logo or name will not get mixed up with a multitude of other sponsoring companies’ logos which may have lessen the image emphasis of the main sponsor, sponsored event or team (Renard & Sitz 2011).

The relationships between sponsors and sponsored organizations are also important because they can influence customer behavior. The sponsored sports organizations usually have one or many sports teams in them which means that the relationship quality of consumers towards the sponsored team matters when making an end purchase of sponsor’s products. Sponsors must act sincerely in their sponsorship activities towards a sports team (or sports organization) to enhance the relationship quality also with the consumers and potential customers. If consumers have a perception that sponsor is sincere it creates positive attitude towards the sponsor. The sincerity thus positively relates to consumers wanting to buy the sponsors’ products. To put it more simply, positive attitude towards sponsor makes it more likely for consumers to buy their products. To sum it up, it is important that sponsor relationships are of high quality, this will enhance consumers’ beliefs in the sponsoring company and they are more likely to buy their products because of their positive attitude. (Kyoum et al 2011). The sports teams and organizations and sponsors should build the relationships so that they are perceived to be sincere to make the relationship more successful for all the actors involved. This creates the win-win-win situation discussed earlier in this chapter.
2.1.1 Niche markets and sponsorship

There is no general definition of what is regarded as professional niche sport, some sports (e.g. eSports) fill in the specifications for being niche partly. This means that whether or not it is a niche sport can vary from the perspective it is analyzed from. Some of the important aspects of professional niche sports the sponsors place a very high importance on are cost effectiveness, a more targeted fan-base, decreased sponsorship clutter and the flexibility in assisting sponsors to achieve their objectives. These unique attributes help niche sports to compete against mainstream sports that usually receive the funding. For professional niche sports sometimes funding from sponsorships is vital. If funding is not received from media contracts or gate receipts, which is for example money received from the sales of tickets, the event may get cancelled due to lack of financing if there are no sponsorships to support it (Greenhalgh & Greenwell 2013, 77-79, 91).

Therefore in professional niche sports the ability to address good sponsorship proposals is of high importance to receive the funding. For understanding the criteria that sponsors think is important is crucial for sports managers organizing events, this helps to create a more interesting proposal for sponsors to support the upcoming events.

“By understanding the selection criteria which a potential sponsor deems important, sports managers can create a sponsorship proposal more closely aligned with the prospective company’s requirements, subsequently enhancing the proposal’s acceptability”


According to the study made by Greenhalgh & Greenwell in North America, the five most important criteria were cost effectiveness (audience reach), company image fit within target market, flexibility of sports property, spectator demographics
and company product/service image fit with sports image (Greenhalgh & Greenwell 2013, 86).

2.1.2 Engaging sponsorship relationships

There are multiple action plans available and it is hard to say if one is better than the other. Because we are studying sponsorship with relationship point of view it is also important to take a look how processes develop in relationship environment. This part of the thesis aims not to find an optimal way to engage into sponsorship relationships but rather demonstrate the options and different methods it can be done. Das and Teng (2002) present that as a part of strategic alliance model, three different stages can be identified. These stages are formation stage, operation stage and outcome stage (Urrialagoitia & Planelles 2006). Also as stated before the strategic plans of actors should complement each other and be done in a way in which both have mutual agreement on goals and methods. Methods and goals should be defined in the sponsorship agreement as well. One example comes from Alaja (2001), he gives an example of action plan that can be used in sports sponsorship relationships. The action plan is as follows:

**Planning** includes analyzing the situation, product inventory checkup, setting the goal, categorizing partnership companies, building up the service packages, finding up your own “ultimate goal”, pricing of the offered service “packages”, finding out all possible companies to do business with, finding the right contacts, writing out the co-operational presentation and organizing the sales operations.

**Selling** includes contacting the main contact person, preparing for the sales negotiations, breaking the ice, oral presentation, discussion, ending the conversation, following the negotiations, and good winning and/or losing.

**Enabling** includes making the actual contract of the agreement, creating good working environment, managing the co-operation and informing about the co-operation.
**Earning** includes measuring and analyzing performance, reporting and thanking (giving credit).
(Alaja 2001, 36-41)

There is a similar way to apprehend and develop sponsorship activities. It is a model in which each step is linked to the next one. First there should be analysis of what the current situation is. Then there should be clear objectives to be determined. Thirdly the sponsorship strategy should be developed and a sponsorship link should be created. After evaluating these opportunities sponsorship should be (according to the situation) implemented and then evaluated. These steps support the market development from the sponsorship point of view (Papadimitriou et al. 2008).

### 2.1.3 Benefits of sponsorship activities

Sponsorship is a marketing tool and important strategically in company’s marketing efficiency. Sponsorship highlights the values of companies and brands in practice. It opens up the mutual values between companies using company image. It helps to build up the brand through more visibility and distinction. Brand building is a thing that is repeated in sports sponsorship literature. It is more effective than advertising because of its indirect nature and builds up the attention value of company’s advertising. It combines different communication tools and enables their use at the same time. Sponsorship also creates positive atmosphere and preferences in places where target groups are more active and emotional. Usually sponsorship reaches people in their free time individually and communally in which people are more receptive and committed. Sponsorship can offer shared experiences and build up hype. Sponsorship enriches actors in sponsor relationship benefitting both the sponsor and the sponsored object (Valanko 2009, 62-63).

Firms are seeking for sustained competitive advantages. These types of advantages are the firm’ image and reputation, they are not easily imitable and every company has its own. Through sports sponsorship a good image and reputation can be gained through value creation and cost-effectiveness. For sponsoring firms, the most common goals are to strengthen their brand or company image, as
well as gaining public awareness for the company or the image of the brand (Witcher et al 1991)

Ultimately brand is built in people's minds. Brand building can be divided into four driving factors. These can four factors can further be divided into two groups, in the first group there are factors that measure what the brand is currently. The first is conspicuousness (how well known the brand is) and the second one is respect towards the brand. These two can be used to evaluate and measure the current power of the brand and current position in the market. The second two factors are the factors that give the brand the growth potential for the future, these two can be identified as distinctiveness and significance (what is the meaning of a brand for people). The latter two are more important for brand building. Significance is built through timely and meaningful content whereas distinctiveness is created through personal and analytical creativeness (Valanko 2009, 63-64).

Cooperation between organizations and sponsors means that actors are cooperating to be able to achieve their goals more efficiently. Sponsors usually are seeking to enhance the organizational (and/or brand) image and sports organization is in need of funding, services or goods. Organizations’ and sponsors’ images, values and products can be combined to make a more overall attractive product. This is done usually with the help of sport associations to form product attractiveness. More effective competitive advantage is gained through mutual interaction and cooperation between organizations’ and sponsors’ than separately. This means that these types of relationships need to be developed purposefully. Target segment impact will be reinforced and new customer segments can be reached. The overall product is the ultimate product that is formed by sports organization and sponsors’ values, image, already existing products, association and attraction. The cooperation between these values forms a product that is meant to reach the target markets (Dilys et al. 2014).

One of the sponsorship relationships types is cause alliance sponsorship. Cause alliance sponsorship can be a project in which there is a logical and natural connection between the operations of the sponsor and the target and it can be related
to operations, services or products. Cause alliance sponsorship goals have to be fully integrated with the goals of general marketing and business operations. In cause alliance partnership there are plenty of benefits for the company offering sponsorship (mainly due to high local level support and the concrete need for the sponsored target to support its own activities) such as high-level management support. Also it is linked with company’s core functions and business strategy and is also based on company’s history, culture and values. It may be harder to copy and usually the commitment is long-term. Customers have positive feelings when buying the company’s products and in the mind of the customers it strengthens the thought of company’s commitment and care towards local and societal matters.

Measurable benefits of cause alliance sponsorship can include increase in number of new customers and increase in sales, People may get more interested which can be seen through participation, visits, network traffic for example. Customer loyalty can rise and the image of the company strengthens. It can also create interest in different societal groups and also increase the efficiency through employee commitment and relationships. It can also lead to better cost efficiency ratio (Valanko 2009 73-74).

2.1.4 Sponsorships in events

Event sponsorship can be categorized from the consumer awareness point of view very bluntly, when sponsoring an event the consumer will be informed that a certain sponsor is sponsoring a certain event. This is the most basic level in which both of the actors (sponsor and the event) are introduced to the consumer simultaneously. It is also argued that is not enough to measure sponsorship effectiveness with only brand exposure as it lacks the consumers’ point of view such as interest and liking towards a certain brand (Speed & Thompson 2000). However there is more to it, as was stated in the article by Schmidt et al. in which there is a discussion about explicit and implicit impact of sport sponsorship. The study aims to find out if there explicit and implicit information processing has a connection to enhanced brand perception impact. There fit on the brand and the sponsored event has to coincide, there are various aspects to take into considerations which can be such as image related or symbolic fit between the sponsor and the event.
There has to be a good match between the sponsoring company’s image and the event and it needs to be done so that consumers recognize it. It’s a three way clash between consumers, event and brand and it all has to combine according to consumers’ attitude towards event and brand as well as their preferences. (Schmidt et al. 2013).

In the article “Structural Business model based on Cooperation between Sports Organizations and Sponsors” by Dilys et al. a figure was presented which represents the objectives of cooperation at sport events between two partnering organizations. This figure is presented here below.

![Objectives of cooperation between organizations at sport events](image)

Figure 1: Objectives of cooperation between organizations at sport events (Bowdin, G. Allen. J. (2006).

In the study of Schmidt et al. they use The Zurich Model of Social motivation which is a dynamic model used to describe or calculate values of human motivation. It tries to measure experience related to satisfaction. In this case it is used to measure how much time is needed for product or brand to become desirable in consumers’ mind. According to the study it is not enough to only measure pre- and post-image of a brand because of the aspect of human nature. This means that sometimes consumers’ may not know why they act as they do (reasons behind their behavior) and sometimes people do not want to tell the truth hide their true opinions because of social pressure. Implicit impact does not take social desirability concerns into account and are thus of great importance when trying to find out
the real opinions. It is highly recommended that both explicit (conscious) and implicit (sub-conscious) measures are taken into account. Brand related implicit and explicit behavior need to be taken into account so that the sponsor and event can create a perfect fit to overcome weaknesses from the customers’ point of view. (Schmidt et al. 2013).

For sponsored eSports events to succeed, it might be important to take a look into consumer needs in the market area as well. There have been studies for gratification through virtual worlds (Mantymaki and Riemer 2011; Shin 2009; Zhou et al. 2010). According to those studies there are ten gratifications to be fulfilled virtually. Those ten needs are further categorized into two groups, competitive and hedonic ones. Competition, achievement, challenge, reputation and rewards fall into the first (competitive) group whereas the remaining five, social relationship, escapism, self-fulfillment, fun and virtual identity, belong in the hedonic group. According to the study, eSports use is positively affected by competition, challenge and escapism (Weiss & Schiele 2013)

2.2 ARA-model

For the framework I chose to use the ARA-model because it is a good model which is used to clarify B2B-relationships through actors, resources and activities. Even though it is used mainly to describe B2B-relationships it can be used with other eSports entities as well. More specifically the study tries to find out what are the benefits for organizations as well as individuals in eSports sponsorship relationship. The Actors, Resources and Activities model serves two purposes. Using this model it is possible to study and analyze the stability and development in an industry. It also helps to identify the actors’ contribution and roles in industrial development processes. The actors, resources and activities also have their own networks. The basic structure of the model is presented below (Hakansson & Johansson 1992).
The ARA-model is a model that was introduced by Hakansson, H. & Johanson, J. It is an industrial network model and it is used to conceptualize B2B relationships and networks. The three concepts capture also the mechanisms through which entities relate to one another. The three entities consisting of actors, resources and activities capture the key aspects of relationships in B2B and within firms into the individual level as well. Actors are identified as individuals, groups, departments or organizations. Actors carry out activities through resource transfer usually with other actors within the network. The transferred resources are dependent of their configuration between the actors and can be tangible, intangible, stable or unstable regardless of whether they are valuable or not. Activities can be anything and can be taken into consideration on individual or organizational level. Resources are controlled by actors however actors sometimes have limited access to certain resources. Some resources are used in combination with other actors in order to create, combine, develop, exchange or destroy them depending on different situations. (Lenney & Easton 2009).

ARA-model can also be used as a tool to study strategic management in industrial networks. As mentioned before, the ARA-model is used to study relationships and
relationships need to be taken into consideration in company strategy as well as in strategizing industrial networks. The first paradox arises with relationship depth, the main question is that how to maintain the balance of a good relationship without getting too involved with another actor. Being too involved in certain relationships may lead to restriction of change which will be unbeneficial in the long run because it hurts networks’ innovative capabilities. Continual change is regarded as a good thing, not being able to change may lead to lack of vision in the long run or inability to adapt when something unexpected happens. Where there are relationships there is always certain influence between the relationship partners. Actors are influencing others while as a part of a network they are constantly under the influence of other network partners. Balancing out the interaction of influencing and being influenced is the second paradox. Thirdly, actors (companies) need to control their own position in a relationship networks. The question is: How to control the network and company’s own ambitions so that the network will not become a hierarchical one and lose its ability to innovate (Gadde et al. 2003, 358).

Nowadays business partners are engaged in various relationships. They create value for each other, to put it in other words, they co-create value. Value co-creation is about using business partners and consumers to discover and execute new value creation opportunities. This means not only creating value for one firm but for the whole network of multiple actors. Actors include of course other firms but consumers as well. The networks of actors and their resources and activities are used mutually so that everyone benefits.

2.2.1 Resources

The relationship can be counted as one of the important resources and additional value can be found in relationships where resources are traded. Resources can be seen to be tied with resources of other companies. In a relationship network an actor (company) is part of many and resource trading is composed of resource usage and resource development. The resources can be used to create relationships that are in depth and as the involvement between company’s activities increase it creates stronger and more valuable relationships. There is a risk that includes firm’s vision getting narrowed down through strong interdependent relation-
ships (due to high involvement) and it may hinder development of alternative relationships. Resources can be combined with other resources and thus it is possible to find more resource dimensions and ways to exploit them. A company can get locked in. This means that company becomes too interdependent with another one as explained before, while the network itself may be really innovative (Gadde et al. 2003, 359).

Firm’s resources can be categorized into three different types. There can be physical capital resources which include the physical technology used in a firm; it can also be raw materials and firm’s access to them or geographic location. Human capital resources include firm’s workforce (managers, employees etc.) and their relationships alongside with experience and training. Lastly organizational capital takes into account how well a firm can plan, organize, control and coordinate its actions. It is also a part of organizational capital how well firm handles its internal and external informal relations (Barney 1991, 101).

There are no clear specifications for resources, they can be anything and have unlimited amount of attributes and features. Resources are needed for transfer and transformation activities. Resources combine with other resources and are necessary in activity processes. Resources can be utilized in multiple ways and because of the diversity of the resources they can be used in any given combinations in different ways. How resources are used (combined) with other resources defines the value and usefulness of the resources. There is an assumption that when combining resources their performance increases through adaptation and learning processes, in this setting resources need to be heterogeneous. Resources can be used in activities or resources can influence certain activities. Activity cycles and transfer chains are broken and reshaped by the activities for further development in industrial networks.

Resources can be controlled directly by one actor or jointly by multiple actors. They can also be controlled through relationships indirectly by actors who have activities with actors directly controlling the resources. This happens when directly resource controlling actor is shaped by an actor (who has no direct control of the
resource of the other actor) in their relationship. As stated before, actors control resources, and the scarcer the resource is the more actors aim to control it. Resources can be utilized in activities in multiple dimensions meaning that some resources may be used in more dimensions than others. Resources can be versatile and they can be used in other activity cycles and transfer chains as well (Hakansson & Johanson 1992).

2.2.2 Activities

For activities to be activities a resource exchange is needed between actors. This means developing, creating and exchanging resources with other actors and utilizing them. Two main types of activities can be identified which are transformation activities and transfer activities. Transformation activities are directly controlled by one actor and become transfer activities when the direct control is transferred from one actor to another, thus transfer activities are not in direct control by one single actor. Transfer activities have an impact on relationships between actors. Transformation and transfer activities form a complete activity circle in which no single actor is in control. Transfer activities can be used to make possible certain transformation activities and vice versa. Activities can be part of different activity cycles where some activities are used more or less regularly. There is a learning process in the activity cycles. Some single activities may be shaped by the activity cycle to function in different ways more suitable for the activity cycle. Activities in activity cycles can be replaced by other activities, meaning that activities can be adjusted in the absence or disappearance of one activity. The activity network cannot be perfected and there is no ultimate configuration or optimum for an activity network. This is because activity network is constantly shaped by activities by new activities replacing older ones or boosting the efficiency of other activities. This applies also to sections of networks because there can be any kind of activity change from any of the actors (Hakansson & Johanson 1992).

Activities between actors are interactions between companies. It is sharing in the form of both goods and information. Only looking at activities on a company level can be too vague, that is why the activities should be looked into as a whole, on a relationship-level to get the big picture of what is happening activity-wise. Thus it is
easier to identify the activities a firm should pursue and be part of those activities. The activities are part of bigger entity and a single company’s activities are not secluded. Some of the activities may have bigger impact on different counterparts within a network, which is related to company-level relationships with other companies. It means that there is always some impact on the network with whatever a single company decides to do, how much it has impact on different counterparts is dependent on the relationships of the companies with the one doing the action. Activity coordination in a network impacts strongly to firms’ productivity. It is not advisable for firms to create too interdependent relationships, but sometimes the pros may outweigh the cons in having a strong relationship even though with strong dependence there may be exploitation by the company that is less dependent (Gadde et al. 2003, 360-361).

2.2.3 Actors

Actors have control over either activities or resources or both. What is an actor is not only limited to one level but actors can have different actor groups within them. For example individuals, individual groups or parts of firm are actors. This also means that actors in the lower level can be associated with actors in the higher levels. Actors are in control of the activities either independently or cooperative with other actors and decide what resources to use. Actors are also the ones that start relationships with other actors through different activities or resources, the levels of relationships can vary from weaker to stronger ones. Actors have resources which they use in order to do their activities. Actors are in control of these resources and control of these resources can be indirect or direct. Indirect control is related to relationships where actors cooperate with other actors and are dependent on other actors whereas direct control is related to resource-ownership. Some actors may have more control over certain activities by having stronger impact through direct resources.

The actors shape the network by gaining control meaning that when one actor increases the control it affects the control of other actors in the network. The control over the network is shaped by the actors’ goal orientation; this means that actors aim to get more control over the network to reach their goals. Since actors are part
of networks they do not have perfect knowledge about activities, resources and actors in the network. Engaging in relationships with other actors through resource usage and activities knowledge is gained and the relationships are developed with accumulated experience of activity and resource exchange (Hakansson and Johanson 1992).

Actors are the ones in relationships that perform activities and use and possess resources. For the relationships to evolve, activities and resources are used between companies, notably activities and resources are used in co-operative as well as in competitive environments. Even though greater influence may lead to greater potential for development, no single company should be in charge of influencing others thus narrowing the view and leaving the network incapable to respond to sudden changes. The acting companies (actors) in a network may be passive or active or something in between without any preconditions of who makes the first move in the network. It depends how the company perceives itself in the network, for example some companies may be in a situation that it needs a change or modifications to current routines (Gadde et al. 2003, 361-362).

2.3 Research framework

Previously we discussed about the functions of ARA-model and presented the basic structure (see figure 2) by Hakansson and Johanson. In this part we take the ARA-model and apply it to the sponsorship context thus creating the research framework. The framework is at first presented as a figure and then further explained for clarification. The figure is a picture of the flow of resources and activities between actors in eSports sponsorship relationships.
Figure 3: Theoretical framework of Actors Resources Activities –model in eSports sponsorship relationship context.

The arrows represent the activity circles in which resource exchange of tangible and/or intangible resources happens. Activities are mostly transfer activities because only one actor is not in total control of the activities. (can include both activity types but in the discussion part identified as mostly transfer). Intangible resources are identified as information and tangible resources are direct monetary support or goods in the form of products. Activities can vary from being cooperation in events to meetings and business negotiations for monitoring and discussing about the performance of the relationship.

The figure presented is based on one sports entity and its relationships with its sponsor(s). This theoretical framework may differ with other eSports entities and their sponsors. However based on the interview with one of the main sponsors they usually tend to create it so it would look similar to theoretical framework presented in this study. All three aspects of ARA-model are needed in eSports relationships the actors, resources and activities.
Actors in this thesis are identified as organizations and sponsors. Actors also include different teams within the organizations as well as individuals. Resource exchange can relate to sponsors giving money directly to organizations as a yearly budget, what is more common is that sponsors give goods for organizations or individuals. Sponsors can give goods for example organizations, the organizations then can further give them to teams. In teams the goods can be divided amongst players to use in events. The players can also use sponsors’ goods at home and furthermore promote the goods of the sponsors through different channels of their own. This could be reflected as WOM and online promotion through streaming for example. The promoted goods can be for example gaming equipment which the sponsor offers or hoodies, t-shirts which the organizations offer to consumers.
3 METHODS AND DATA

As a study method a case-study was conducted. It was suitable because questions “how” and “why” questions are being used for finding the relevant answers. Moreover the writer has a little control over the events and the focus is on a contemporary phenomenon within a real life context as proposed by Yin (Yin2009, 1). Research design included the study’s questions which includes questions like “how is value created through sponsorship in eSports” which lead to sub-questions discussed earlier. The proposition was that there are mutual benefits in doing so. In this study the unit of analysis is a relationship circle with a sports entity alongside with its sponsors. The sports sponsorship literature was reviewed and the interpretations were drawn from existent sports sponsorship literature. The collected data was analyzed and compared to the existing theory of sports sponsorships. These are the components of research design when doing case studies by Yin (2009, 27).

The study used deductive approach in the form of a descriptive case study. The study followed a deductively based analytical procedures. It used the pattern matching method which means that the questions were formulated from theory and there were predictions that the existing theories work in practice also in the new environment of eSports. A theoretical framework was built which utilizes the existing theory in sports sponsorship and the ARA-model. This means that there are outcomes in theory that are supposedly found in practice. The outcomes of the theory are dependent variables and the results from the interviews are independent variables. The expectation was to find similarities in theory and practice (Yin 2009, Saunders et al. 2009, 500)

3.1 Research context

This research is qualitative and it aims to study sports sponsorships in a new emerging sports environment. As primary data of sponsorship, books, journals and other types of articles were reviewed. As there can be many type of sponsorships for example sports, arts, public sector, media the research in this thesis has only taken into account sponsorship relevant to sports. This means that sports spon-
sponsorship related data was taken into account. One considerable factor was also how actors resources and activities (ARA-model) come together in this type of environment. ARA-model was used to build a framework and sponsorship literature was used to support it and show what actually happens in a more concrete manner. It helped to explain what resources are exchanged between actors and with which activities. Different variations conducted from the original ARA-model were also studied to find an optimal setting/framework for eSports. Since eSports is regarded partly as a sport, studying sports sponsorship was also resourceful. There was an assumption that the benefits and practices are highly similar to any other sports sponsorship relationships. Even with this assumption this thesis hoped to find sponsorship related methods that are uncommon in the field of traditional sports.

3.2 Data collection methods

This thesis is a sponsorship research and it takes into account the actor point of view as well as tries to identify what value sponsorship creates from a relationship and network perspective. As stated by Olkkonen et al. sponsorship is studied from the perspective of marketing-mix management. They presented that to develop current sponsorship research the interaction and network approach would be beneficial (Olkkonen et al. 2000). In this thesis we have a sports entity that is linked with multiple different sponsors with which it exchanges tangible and intangible resources through different activities. This study is closely related to relationships between actors tied to each other in sponsorship relationships. There could be additional value to sponsorship literature in general because the aim of the study is to find out how value is created between organizations in sponsorship activities, more precisely in eSports sponsorship. There is interaction between the parties and individuals as well as individual teams within actors that maintain and enhance the relationships between the actors.

For empirical research, interviews will be conducted with the company representatives to get a clear view of what sponsorship means for them. Questions include for example how sponsorship deals are sought and what are the criteria when they are choosing the companies they want to sponsor and cooperate with. The com-
pany representatives include for example marketing managers and CEO’s working with eSports entities and thus in the eSports business. The managerial title was not important however. More important was the relationship between eSports entity and the managers. This means that the selection criteria for interviewees was based on the strength of the relationship with the eSports entity. Assumption was that the stronger the relationship, the more accurate the answers. In total we conducted three interviews of which two of the sponsoring companies were one of the first ones to enter the sponsoring business of eSports on a bigger scale, thus making them really meaningful actors in eSports relationships. They were also the first ones to engage in sponsorship relationship with the entity in question. The full list of questions can be found in the appendices part. The interviews are collected via e-mail and via Skype in a discussion session with the managers of companies that sponsor eSports entities. The interviews were conducted so that they could be used in the ARA-model context. Only sponsors in the field of eSports were selected to find the appropriate data for the thesis.

3.3 Data analysis methods

This study relied on theoretical propositions. The main objective of this thesis was to find out how is value created in eSports sponsorship relationships. This study studies relationships between companies engaged in eSports sponsorship and the basic propositions was that it creates value. As a support we used previous sports sponsorship literature to find out how value was created in them.

Considering the questions about the eSports sponsorship and the value it created the answers of the company representatives were taken into consideration. The value gained may differ between the sponsors. The data found from the interviews were put into sports sponsorship context and analyzed for similarities and differences in practices between eSports and traditional ones. The answers were transcribed from real-life interviews to suit the context of this thesis. The answers were then analyzed and compared to the findings in the sports sponsorship literature. Also we found out how the eSports sponsorship works in practice and thus could reflect it on our theoretical framework built around eSports sponsorship. With the data we aimed to find answers for the research questions formed earlier on. The
data is based on real life situations and methods firms use to maintain and create eSports sponsorship relationships. The companies doing business in the form of sponsorship were analyzed from the actor point of view, monetary support and business process support were analyzed as resources and all the methods companies do business were analyzed from the activities perspective. We expected to find the theory of traditional sports sponsorship to at least partly match with the practices used in eSports sponsorship.

3.4 Reliability and validity

The reliability means the repeatability of the studies. It also means that the study does not give non-arbitrary results. In practice, if a study is done with the same methods and is conducted by two different researchers the results should be the same. This means that the study is reliable. Validity means the ability of a research method to study what is meant to be studied (Hirsjärvi et al. 2007, 226). The validity follows a pattern presented by Yin (2009). The main topics are construct validity, external validity and reliability. The internal validity was left out since it does not fit the descriptive case study description (Yin 2009, 41-45). Our main research question is how value is created in eSports sponsor relationships. Because the concept of value is dynamic we took into account value in the form of benefits gained from the relationship(s), furthermore we sought to find the answers to how are these benefits gained. The term value in this study excluded the value term used in micro and macroeconomics in added value. This means that the value is not necessary monetary but can appear in other forms as well. Because of the nature of the sponsoring companies (multinationals) this study is applicable in general to some extent. This gives the study some external validity. However further studies in this specific field are required in order to test this.

Sponsoring companies may differ in size and may have different offerings depending on their calculated budget, but the main idea in sponsorship deals and offerings (resource exchange) remain roughly the same. The basic concept of sponsorship guarantees the mutual exchange of resources, contracts etc. Other "sponsorship" relationships are disregarded in this study. By conducting the same type of study with the same companies, the answers would remain the same. Manag-
ers are most likely replaced with people who are interested in eSports as good mutual relationships are needed between the two parties in order for the eSports to develop. Managers interested in eSports know the community or may even be part of it. This means that managers are loyal to the scene and the concept of value in eSports relationships is expected to remain the same. This gave reliability to the study even though there may be differences between people about how the value is perceived. For enhanced reliability more eSports entities and eSports sponsors need to be interviewed. In this case we had an eSports entity with two of its main sponsors. The main sponsors were working globally and not only in Finland thus giving the perception of what eSports is on a more global scale. This means that the operations of the sponsors were not only limited to one country but many countries. The results may change if people with little or no interest towards eSports are interviewed and they are in a decision-making position of a company sponsoring eSports.
4 FINDINGS

The results found here are based on the answers of the interviewed managers in the field of eSports and their related activities. The answers are based on the open ended questions proposed to the managers. The open-ended questions posed to the interviewees can be found in the appendices part at the end of this study. This part aims only to describe the results and answers to the questions and explain how eSports sponsoring is done in real life, what are the benefits and how are they gained. The interviewees are managers of multinational eSports sponsors who are sponsoring eSports entities and players from all over the world. The managers interviewed are Finnish but some have experience in working globally in eSports matters. There may be different methods how eSports is done in different countries, but here we try to present a more general approach to how the relationships are found and maintained. The companies offering sponsorship are mainly focused on eSports but can sponsor for example smaller gaming companies. Also companies may be present in events, meaning other events than eSports events. One example is the Finnish DigiExpo which is related to digital entertainment. Company can be present there alongside with another company with its booth or have a booth completely its own to present the products and offerings. Companies have been involved for more than ten years in supporting and sponsoring events in the form of money and products as prizes. The interviewees have not been working in eSports field for that long. The interviewees and the companies remain anonymous in this thesis. Better answers are gained this way because the interviewees do not have to think about revealing the company secrecies and viewpoints. The oral interviewees are simply referred as to interviewee #1 and #2.

“We have to be on our toes with the press and we have strict criteria what we are allowed tell” – Interviewee #2
4.1 Reasons for sponsorship in eSports

To put it simply sponsorship is seen as a marketing channel for the eSports sponsors. It is done, depending on the case, to generate sales and extra traffic to the sponsors’ website. It is seen as one of the best functioning marketing channels. It also has multiple dimensions. The main areas when doing sponsorship reflect on brand visibility and marketing alongside with building and developing the brand image. For sponsors the product category is in line with the target group’s interests and thus creates a link between sponsorship and business naturally. One of reasons to engage in eSports is to get to know the players and try to build products according to best players’ standards. Usually the regular and casual players will look into what products the best players use and then eventually follow. The technical aspects of the products as well as the visual design are important even for the best players and they are very knowledgeable and strict with the technical aspects. This means that the players can be used in developing the products and they can be given products samples from the factory for evaluation. The best players who have good knowledge in what good gaming gear is can give the best feedback to the sponsors. From experience in using sponsors’ products they can evaluate them (for example comfort in using, quality of sounds etc.) and give ideas in how to develop sponsors’ products even further. In short, before launching the products they are benchmarked with professional players and enhanced from the given feedback to ensure successful product launch. An example process is presented in the picture below.
One of the sponsors think also that the people who go to events, play semi-professionally or are at least very engaged in gaming will at some point become the IT-professionals in the companies. A big part of these people may thus end up in positions with high influence in decision making and if they are familiar with the brand alongside with good user experience it can be beneficial in the future for the sponsoring company. This is also one of the main reasons to become an eSports sponsor. Another reason given by the other company is that when the company is expanding and more people are hired, there may be more of those people who are gamers or part of the gaming community themselves. These kinds of people have also personal interest towards gaming and eSports. When people know and follow eSports they tend to put more into eSports marketing. Because of the growing community of eSports it is also reasonable to predict that there are people in normal working life who follow it or play themselves. Once there is a large community of people it is wise for manufacturers of hardware to establish a new set of products aimed for a certain target group. In this case the target group is the gaming community and the gamers. They are however offered products more related to gaming gear than computer hardware.
Sponsors aim to build brand loyalty. By attending the events sponsors hope that the people they have supported by being involved in something important to them will be loyal to sponsors in the future. The sponsors get sales from their products via developing internet stores. This helps sponsors to gain access to data and learn from their target group’s purchasing behavior. The events are good for product launching. The products get more attention when they are launched simultaneously with an event. This happens through advertising in live streams and participating and demonstrating the products. Also unboxing videos (streamers or casters who have certain amount of followers open up the new products) bring additional visibility.

The brand name helps a lot for bringing new products into the market as well. By having a strong brand it is easier to go and explore new fields, such as eSports, to create even stronger brand. A sponsor does not necessarily start by doing all the gaming gadgets simultaneously but may for example start with headphones and “scout ahead” what happens and later on expand if the previous product launch was successful.

4.1.1 Importance of eSports community

When asked about the differences between eSports and traditional the interviewees highlight the target group of customers. For example a lot of young people can go watch a football game whereas people who follow eSports are more of the same kind of people. It means that the identification of the target group is easier and the people interested are easier to find. This does not mean that a gamer is recognizable, but that people who attend eSports events are most likely players themselves. Almost everyone follows football but do not necessarily play it, but in eSports usually the followers play video games at least in some form. When engaging eSports activities companies can make a completely new section in their company that focuses only, or at least mainly, in eSports. This has been done by companies sponsoring eSports and was already briefly mentioned in the introduction.
One main aspect about being and eSports sponsor is to be also part of the community. There is no mid-way, either you are engaged in eSports or you are not. eSports community is very loyal to the firms and people who support gaming activities. There are many ways to gain visibility through sponsorship in eSports; the events are important, sports entities are important and individuals can be important to sponsors.

4.2 Seeking potential partners and maintaining relationships

Players and teams who are already on top can be contacted by the sponsors themselves because they are already known by many in the community. However the so called rising stars (be it a team or an individual) need to be found from the streams or from the events. Some events may have separated areas for streamers so giving out your business cards to potential ones is one option. Another one is to have a discussion with potential players to get to know them better. In events you learn about the personality of the players and what the player really is like, since the Internet personality may also differ a lot from the real one. Sometimes sponsors may browse websites that offer streaming services for interesting streamers and potential partners.

“In the events, the thing is that when you talk with a person face to face, you kind of learn what kind of person he is”. – Interviewee #1

Sometimes sponsors need not to seek sports entities or individuals but are apprehended by them. However the quality of applications is usually quite poor. This leads to dismissal of applications in most of the cases. One sponsor stated that there may be one in a hundred applications that is actually noteworthy and may lead to a sponsorship relationship.

Sponsors state that there are many ways to do this and they can only speak for themselves and how they personally manage and maintain relationships. Some personally contact the sponsored counterparts (teams, individuals) on a weekly basis. When relationships are born (a contract is made between the two partners) the actors make mutual decisions and agree on a certain period of time on how
long the sponsorship agreement lasts. This means that there may be a trial period for example of three months and if everything goes according to plan the contract is renewed with perhaps a longer time period. The agreement is mutually agreed upon. There are certain and clear contractual objectives and goals to which the relationship aims to fulfill. These objectives are discussed about by both actors and they try to find a way how to reach and get to these objectives. When sponsoring a sports organization the sponsor may have also contacts with each individual player inside a team. This way the sponsor can receive a direct feedback from the players and because the manager may not always say what the players really think.

“All the teams I sponsor or have sponsored, I contact personally at least on a weekly basis. When we begin sponsorship deals we decide together what we want and we have clear objectives”. – Interviewee #1

4.2.1 Resource exchange

The two biggest tangible resources are money and products. Especially bigger companies tend to give direct monetary support to teams and players. Intangibles may include marketing co-operation and support with the emphasis on marketing in social media. Event organizers also send an evaluation questionnaire sheet to sponsors to benchmark the success of the event. This is to discuss about what was good and what was bad and what can be done to make the next event better. Sponsors help the events to succeed in cases where the event is related to the sponsor as well. If there are certain needs from the event holders they may be supported by the sponsors. For example if monitors are needed the sponsor may help the event organizers to get the monitors they need using relationships they have with other companies. This is usually only in cases where the sponsor is the main sponsor of the event or tournament. In some cases the if players are in need for example if their gaming gear gets damaged or broken some sponsors are willing to help the players even though they were not directly sponsoring them.

The community is mostly about good will and sponsors are willing to do their share. Everything is negotiable to some extent. The correspondents of sponsoring
actors also use their time to discuss and share their knowledge of business to the
sponsored entities. They highly prioritize planning with sponsored entities and
want to give personal support because of the respect of sponsored entity’s
knowledge and use of time towards the interest in eSports. Sponsors also feel that
the work eSports entities are doing are more highly valued for them in comparison
to the support they can give in money or products.

4.3 Sponsorship structure and forms of sponsorship

Sponsors’ main emphasis is on the eSports organizations and teams, under which
there are individuals and the number of individuals is dependent on the size of the
organization. Marketing is regionally divided. How sponsorship is organized varies
sponsoring companies, but they can have their sections divided into continents, in
which it can be further divided into certain areas. This means that while France
and Germany can have their own marketing areas the Nordic marketing area is a
combination of Nordic countries. The marketing managers are responsible for the
teams in their own areas. In practice it means that marketing manager of Nordic
deals with the teams in Finland, Sweden, Norway etc. whereas marketing managers
of France and Germany are only associated with the teams in those countries.
Marketing headquarters can be located in different continents as well and can
manage marketing in others, for example Taiwan managing marketing in the Unit-
ed States. The marketing managers in different areas can differ a lot from young
people to older ones with different interests towards eSports.

As mentioned before, a sponsoring company can have two brand names at its
disposal. Both of the brands are property of one company which decides with
which brand to go with into certain areas. In practice it means that certain brand
operations can function as independent units but are fully owned by the main
company. The business units have their own people and teams. If in another area
the gaming products sell better, the brand dedicated to gaming is used in those
areas whereas in the areas that people do not have a big eSports community or
where gaming products are sold less, sponsors use their original brand. Company
can have differentiated eSports separately in their marketing budget with a certain
percentage which is used for eSports.
ESports sponsors are sponsoring eSports in the form of events, organizations, teams, individual players and casters. Good casters are highlighted to be one of the best sponsoring subjects since they appear almost in every event. They also have a lot of viewers in streams as they are followed by many people. Caster is also only one person and does not generate much expenses compared to for example a team, which can include five players, a manager and an additional person for the media for example. One person with many followers and a good reputation is more cost-effective than a group of players. It is more reasonable to have one team in each region to support, rather than having one global team. This is because it is very expensive to have one global team to which to pay for the expenses of going to different continents. Expenses include flights and living expenses such as accommodation and food. Also you get visibility from multiple known teams rather than from just one. Sponsoring the mid/top-tier teams in different areas is more cost-efficient visibility-wise since it gives more visibility with less expense. Having local teams who can go to events to discuss about gaming and the gaming gear offered by the sponsors is considered cost-efficient visibility.

Everything that is done in sponsorship relationships is done together. A team or an individual (entity) would not be chosen in the first place if the sponsor wanted to somehow change it to what they want. Sponsored organizations, teams and individuals are chosen to represent the products of a sponsor. The sponsor aims to find people who are already presenting the sponsors ideas and share their values. This means that rather than trying to change anyone, sponsors aim to find already suitable partners that share their ways of thinking and good marketing. One rule seems to be that if somehow a member of a sponsored organization, be it a team or an individual causes negative publicity in form of racism or otherwise, may lead to termination of the contract.
4.4 Relationship measurement

Sponsorship can be measured with Return On Investment (ROI). There may not be a clear table for calculations, but rather the managers evaluate themselves how they felt about the succession of the investment. Some of the numbers can be taken from events, meaning how many people came to the event and to the specific stand where the product promotion was held. Also it is possible to follow how many people were on stream watching the event/tournament and the games. Numbers can also be taken from for example Twitter (number of new followers). Number of total visitors through social media can be taken into account and compared to the previous years for example. There are so many variables that it is also hard to create a general formula while taking everything into account to calculate ROI precisely. By constantly being part of the community and arranging and doing sponsorship it becomes easier to see if the investment was successful. Of course Sponsors also look at the sales numbers and see where the sales have been increasing and decreasing.

The marketing in eSports can be divided into three main areas: Brand marketing, product marketing and customer-oriented marketing. Hosting and sponsoring tournaments is regarded purely as brand marketing. Posting banners and big posters with products is product advertising and product marketing. Customer-oriented means going into eSports or LAN events to meet up and discuss with people about the products, this also gives direct customer feedback how they feel about the product.

One point of highlight is that eSports people as a target group for marketing differ a lot from any other target group. Good marketing relies on being part of the eSports world. You have to know about games and the differences in them and what is typical for them, ongoing trends and cosplaying (people dressing up as characters for example from games). These are just some examples what is needed to know, in every game there is a small world in itself about which you need to know about.
Sponsors also want to be engaged in eSports because they believe it will be a big form of entertainment at some point. They are trying to push eSports forward and get the gaming scene to grow. This means that at some point there would be more eSports on television and more events so that it would attract more people all the time. Brand visibility and development are the most important matters in sponsorship.

Usually it is the visibility in the media that is more important for the sponsors rather than having a really successful team. Teams and individuals are more interesting when they are visible in the media. Visibility in this case can mean being present at the events, through social media channels like YouTube and Twitch or even in local TV. While it is not important to be the best and media visibility is what matters, it is also not enough for a team to get only poor results. By finishing last can eat out the credibility of the team and thus the brand sponsoring the team. In eSports the sponsors see the relationship dependence on both ends. This means that while sponsors know that they are usually the actor that gives out the funding and the products, they also know that they do not have the knowhow of eSports organizations and appreciate it. Reciprocity runs deep in relationships between actors in eSports and flexibility is appreciated by both actors. This helps to build long-term and fruitful relationships between both actors. The relationships become less authoritative and it is easier to discuss business matters. Some of the things can be pointed out for example in the Facebook chat but for example in the long-term planning and discussion about arranging events and future deals are sent via e-mail. The relationships have developed in few years and especially the sponsored-entity actor knows more what the sponsors are expecting.

We conclude the chapter by presenting the most important aspects of the findings in a table. The table consists of the headings we used in this chapter and below them the most important findings which were further explained under each individual heading earlier in the text.
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5 DISCUSSION

In this section we discuss about the sponsorship practices in eSports and reflect it with the found sports sponsorship theory. The ARA-model definitions are used. Our main discussion revolves around the research questions posed earlier in the thesis. The core idea is to test if traditional sports sponsorship theories work in the eSports context. Using the ARA-model we go through the roles of different elements of ARA-model, actors, resources and activities. We discuss the differences and similarities between how actor relationships work in eSports context. We go through what resources are exchanged and why they are important. Thirdly we discuss about the activities in eSports which the companies use. Lastly we go through the benefits. Benefits are in the center of discussion and benefits are ultimately the factors that create value for the actors.

5.1 The role of actors

As was stated by Valanko (2009) sponsorship is also in this case a strategic investment. From the results analysis we find out that some of the sponsors have created a co-brand with which to invest into a different environment. Sponsors also have eSports budgeting and their business units are built around different business environment which differs from their original business ideas. It is safe to say that the sponsors have thought eSports from the strategic perspective and it can be said that it is a strategic investment. This also confirms that their sponsorship efficiency is calculated and monitored. It brings additional visibility to the companies.

Valanko (2009) defines that both of the actors need to be juridical and that is the case in eSports sponsorship. In eSports the actors do not have to be companies. There is a contractual agreement which is mutually agreed upon. The relationship is based on cooperation benefitting both actors. Tangible and intangible resource exchanges create value for both actors in the relationship. Measurable goals are set and they are monitored. There are some measurable goals, but the value of the relationship is hard to measure since there are so many variables, as stated by
the results. Since there are formal contracts and both of the companies are juridi-
cal ones, there will less likely to be any breaches of contract.

What comes to business strategy of the companies in sponsorship it is easy to say
that eSports sponsors have thought sponsorship strategies carefully. In our case
the sponsors’ companies created a sub-brand to produce new type of products
related to gaming. It is easy to link with organizations specialized in gaming with
the correct product offerings. Both sports entities and casual gamers use the gam-
ing products as they are specially designed for it.

Both of the actors need to share strategic goals (Farrelly et al. 2006) and that is
what the actors in eSports believe as well. Sponsorship is not only done because
managers used to be ex-gamers, even though I would like to argue that is could
have been one important matter alongside with the development of gaming com-
munity and eSports. Since eSports sponsors usually have tight eSports budgets
there is no heavy investment laid upon eSports entities. The representatives of
eSports sponsors are tied in very friendly relationships with the eSports entities’
managers. Also the managers who are familiar with eSports may want to invest
more in eSports marketing. They can chat and discuss about business related
matters at ease and sometimes informally. This creates a lot of flexibility and it is
easier to state what went wrong to make corrections next time. Prediction from this
is that in eSports both of the actors share the same perception of value and are
willing to discuss about it. The relationships between actors in eSports is seen as
very collaborative and both of the actors are business partners doing business
together and not simply buying access to intellectual property rights. They co-
produce value in their relationship.

ESports also has some elements of cause-alliance sponsorship relationship type.
There is a natural connection between the operations of both actors, this being
eSports. There are also sponsors’ products which have the sponsored entity’s
brand. ESports entities have tight relationships with the managers of the sponsor
thus receiving management support. High level management support for eSports
entities is usually gained from managers of eSports sponsors engaged and inter-
ested in eSports themselves. What comes to sponsoring company’s history they are usually already in the field of computer hardware. Customers are the gamers and the sponsor’s support for the gaming community is seen beneficial. It strengthens the company’s commitment and care towards the community. Cause alliance is usually measured with increase in new customers in sales. In eSports they are measured with people visiting the booths in events and event sales. The network traffic can be calculated through streaming services and YouTube videos watched.

All the three stages of strategic alliance model can be identified in eSports sponsorship, the formation, operation and outcome stages. The sponsorship contract is formed and mutual goals are discussed and the methods and goals are specified in the agreement. The action plan presented by Alaja (2001) could be useful in eSports planning as well and eSports planning has some elements of it. In eSports the actors find each other within the community. The planning stage includes at least finding out all the possible eSports organizations or individuals. Alaja’s action plan is very formal and most likely suits most cases. In eSports companies assess their capabilities of engaging sports sponsorship and which entities to support. Since eSports entities are fairly small and usually require support from eSports sponsors. As discussed before, eSports entities may seek a sponsor themselves or the sponsor may be in a lookout for interesting entities. ESports sponsors seek for entities that are suitable for what they represent. Knowing this, the assumption that mutual agreement is found with relative ease is made. Afterwards the performance measurement and analysis is made and the decision to continue (or discontinue) sponsorship is made.

We previously discussed about niche market and sponsorship. Niche sports sponsors highlighted important matters such as cost effectiveness, more targeted fanbase, decreased sponsorship clutter and flexibility (Greenhalgh & Greenwell 2013). Especially more targeted fanbase and flexibility were brought up by eSports sponsors. ESports sponsors stress the importance of community. ESports community is unlike any other sports community and thus it is very important to know the people who you communicate with. It clearly fits to the niche market
more targeted fan-base description. The flexibility elements are deeply embedded within relationships between actors in eSports. In eSports the flexibility does not only help sponsors to achieve their goals but the sponsored entities as well. eSports sponsors look at the results of the sports organizations in terms of team’s or players’ success for example. This not the main emphasis however and the visibility comes from the players inside the team or individually. This means that sponsored players are not always the best ones but also the type who interact with people and are very social. It is about balancing the success and overall personality of the player. The sponsors in eSports also receive a lot of applications from sports entities. Some of the applications are rejected because they do not give enough information about the deal or the team and is only a plain proposal. These kind of applications are usually rejected thus we can say that it is really important for entities to know how to make a good proposal as was underlined by Stotlar (2009) amongst many others.

According to Valanko (2009) sponsorship is a marketing tool. He also stated that sponsorship highlights the values of companies and brands in practice. This is very true in eSports sponsorship as well. Sponsors know that the atmosphere in eSports is very positive and are trying to further enhance the positive impact that it creates. eSports sponsorship reaches people in their free time individually and communally. This is believable one of the reasons why the community is very positive overall. People are thus more receptive and committed and this is true in the eSports marketing as well. Sponsorship is a marketing channel for the sponsors in the field of eSports. They build and develop their brand through sports entities in the field.

5.2 Resource exchange

There are both tangible and intangible resources used in eSports sponsorship relationships as well. The eSports entities are in a need of funding whereas sponsors lack the expertise in the field of eSports. According to Renard & Sitz (2011) these could be direct financing or helping with the organizational processes. In eSports the sponsored actors can give direct money, which usually happens in bigger sponsorship deals. In smaller sponsorship contracts the tangible resources
include products. The sponsors in this study stated that they want to help the organizations with their business processes. One example includes future planning. Sponsors want to help with their know-how about doing business to ensure the success of the relationship. Some eSports organizations may lack for example strategic planning. The sponsors themselves may not have enough knowledge about the eSports community, which includes eSports people, games etc. The eSports organizations give in resource exchange their expertise and knowledge about the community and games and everything related. Sponsors also rent marketing space from eSports entities. The eSports entities have places for advertisement in shirts, web-pages etc. which the sponsors rent. There can be an agreement with the main sponsor who gets the company logo to the spots which are most visible and valuable.

Related to Kyoum et al. (2011) discussed about the quality of sponsorship deals. The sponsorship deals need to be of high quality and the sponsors need to be sincerely involved in the relationships. According to the results this is very true and the sponsors want to support the sports entities in eSports with both tangible and intangible resources. Relationships are built with sincere trust and shared interest between both parties. Even though the contracts are made sometimes for example in six month periods, they are usually renewed and the relationship continues to develop. Having limited number of sponsors was also discussed, but rather than the eSports entities having too many sponsors, the sponsors themselves do not want to be part of every team or organization. This is not only due to resource constraints on the budget but rather sponsors thinking that by sponsoring every team it can diminish their brand image of being high quality. Also the sponsoring companies’ brands are more impactful for the sports entities as well since not everyone can get a sponsorship deal in eSports.

Amis (1997) presented two approaches in which sports sponsorship can be turned into competitive sustainable advantage. One approach was to spend a lot of resources on athletes, teams or high-profile events. Athletes in eSports case mean individual players. Even though eSports sponsors may be on the look for new organizations, teams and players, in this case the sponsors stated that their budgets
are fairly limited and I argue that this type of method is (still) beyond reach for the eSports sponsors or at least for most of them. The brand value could also diminish from sponsoring everyone and it would be regarded less premium. The second approach however is more suitable one for eSports sponsors. The sponsors are in the look for interesting players and teams. It is hard to define what low-profile is but in eSports case it is a team that has not attended major tournaments and has limited visibility meaning that the player, team or organization is not known worldwide. The company may want to have regional visibility which means that these types of teams exist.

5.3 Activity types

The sponsored functions Valanko (2009) mentioned individuals, groups, teams, communities, operations, projects and media. eSports sponsors can sponsor all of these, but the main sponsoring functions usually relate to organizations, groups, teams and events. These are usually used in combinations as well. In eSports, as in every sponsorship relationships, the sponsorship is used as a marketing channel. The marketing channel consists of multiple different functions and is not limited only to advertising in events. Sponsorship relationships in eSports are not limited to only being image platforms. The activities in eSports are transfer activities. In practice it means that neither of the company is trying to force its methods for another company. Neither of the companies is in charge, rather they are trying to learn from each other in the new field of eSports business. Information is shared through activities and both of the companies gain valuable knowledge. Both of the actors, the sponsors and sports entities are working together to help each other in the pursuit of gaining more visibility. This can be seen as collaboration in events and business planning processes.

As Renard & Sitz (2011) also stated there needs to close cooperation between the two actors and this is very true in eSports sponsor relationships. The sponsored actors have their own brand through which they transfer the value of the sponsor through activities. A good example is a well-known sports team which is a strong “brand” because people think highly of them. When these types of teams use the products of the sponsor, people will regard the sponsors’ products to be of high
quality thus benefitting the sponsor by creating a notion and image in people’s minds and eventually making the purchase.

ESports sponsors attend to events which support their product categories. International gaming tournaments is one good example. There is always a fit between the event and the brand. ESports sponsors use sports teams to gain recognition from the people attending the events. This means that companies in eSports have the combination of people’s recognition alongside with the brand and event fit, which was said to be important by Schmidt et al (2013). People attending eSports events are expecting this and people visiting eSports events have good attitude towards the event and the sponsors.

Collaboration and exchange between expertise and knowledge are important intangible resources for actors. The eSports sponsoring is not a new phenomenon, but the scale of it and the size of investments are still relatively small compared to traditional sports in the form of for example sponsoring in football, even though eSports sponsoring has developed a lot. It is hard to say whether or not it is yet possible for sponsorship to become sustainable competitive advantage for companies sponsoring eSports. For the sponsored organization, player or team the sponsors are very important and as well what the results stated the sponsors would like to give more for the development of the community. For creating new space for exploitation of the sponsorship deal I argue that this is true in eSports sponsorship deals. There are new products coming from sponsors, the products are marketed and the sponsorship relationship is continually developing through close cooperation. Actors are able to suggest new types of product marketing. There is brand differentiation through sponsorship which depends on what types of sports entities are sponsored. Each sponsor has their own brand image even though the products may be in the same product category, headphones, mice etc.
5.4 Benefits

In eSports the actors within eSports relationships cooperate to achieve the goals more efficiently as was pointed out earlier by Dilys et al. (2014). He also pointed out that companies seek to build the organizational and brand images while the sports organization requires support in the form of funding, services and goods. This theory works very well in eSports practices. Furthermore mutual cooperation gives competitive advantage in the form of better products, better events, and target segment reinforcement. The sponsors use the sport’s teams and players knowledge about gaming products to enhance them to be the best, the sports entities also help build the brand image, promote existing products and attract more people. Players can also be used to gain market knowledge because they set the premium standards for the products. Finding new customer segments in eSports may prove to be difficult since the eSports community as a target is very specific. The sponsors did not highlight that they wanted their products to be sold as much as possible but rather they wanted to be part of the community as they enthusiastic people doing what they love in the hope of developing the community. This could very well be the optimum for ultimate brand and product building.

From the figure 1 presented before by Bodwin & Allen, we can confirm most of the objectives to be present in the eSports events. ESports sponsors attend the events to strengthen the brand and image. This happens through sports teams and/or giveaways. They also offer product testing and presentations. Even though the increase in sales was said not to be of importance it could be an objective as well but with smaller emphasis. As for the sponsored entity’s objectives, funding seems not to be one of their concerns since funding usually comes from the sponsor and makes eSports entities more able to attend the events for example. This applies to smaller organizations, but if there are big organizations they may be able to arrange funding themselves or split the costs with the sponsor. Entities can offer services alongside with sponsors, sometimes the entities are present whereas the sponsor is not and the product presentation may happen through sports entity. This brings visibility the sponsors even though they may not participate in the event themselves. Organization has its own products to present as well, products include t-shirts and other merchandise. ESports entities such as organizations
give knowledge about eSports through players which can be counted as services. eSports organizations and players attend the events to promote their own brand and image as well.

What it comes to creating an image or notion in people’s minds, this is very true. Sponsors market their products in events by themselves or with the help of a sports entity, team or players. The aforementioned are very influential since people already have an image of them. This way sponsors are not directly suggesting the target group to buy the product but are using sponsored actors to promote their products. In eSports people follow organizations, teams and players and when they see famous and popular people using the sponsors’ products it makes them want to get introduced to the product.

The firms sponsoring eSports firms are usually big multinational with other activities than sponsorship. The firms may not purposefully seek sustainable competitive advantages from sponsorship, but this does not mean that they are not searching for benefits. eSports sponsors and entities are seeking to build brand and image. Witcher (1991) stated that good image and reputation can be found via value creation and cost-effectiveness. Value creation aspect seems to be more important in eSports sponsorship than cost-effectiveness even though cost-effectiveness due to budget constraints is without a doubt an important matter as well. The value can be calculated with ROI as stated by the results, but the companies’ emphasis is on building good relationships. Good relationships benefit the actors and the community as well. Since the eSports sponsorship budgets are fairly small, the sponsors are trying to be cost-effective as well.

ESports sponsors and organizations want to show people that they are committed and part of the community themselves. eSports use is affected by competition, challenge and escapism positively (Weiss & Schiele 2013). This is because eSports like any other sport has competitions held worldwide with big prize pools. Sponsors support the events also by giving money for the prize pools. There is also a lot of challenge in eSports since people from all over the world are engaged in eSports and want to be the best. Escapism may relate to leisure time, people
want to have fun during their free time and it seems that competing against others in video games is fun.
6 CONCLUSIONS

In this last part of the thesis we give answers to the main research question alongside with the sub-questions. We go through each question individually and highlight on value in the relationships. Furthermore we give managerial implications, suggestions for further study in the field of eSports sponsorship and explain the limitations of this study. There are studies conducted of sports sponsorship, however in the specific and growing eSports field more studies are needed to fully capture the big picture of eSports sponsorship.

6.1 Research contributions

All relationships are different; however there seem to be certain factors that guide the eSports sponsorship relationships. The actors in eSports relationships work towards mutual benefits. Contracts are done as in any other businesses and they are monitored and evaluated. Actors keep in touch with each other weekly or even daily basis. The communication can be either formal via email and or real life conferences or informal via Skype or Facebook. The actors work closely in order to discuss about relationship related matters. This creates a positive atmosphere between the two actors and builds up a relationship that relies on trust and commitment. When there is trust and commitment, the relationship is usually long-term and successful. eSports actors aim to find suitable partners with long-term relationships in eSports to begin with since it hurts both entities image if the relationship does not work. Since budgets in eSports sponsorship are fairly small, the actors are searching for cost-effective ways to develop brand and gain visibility. Actors are working towards the greater good of the community, because community is ultimately the source of customers. Emphasis is on the growth of the community, since the greater the community, the greater the possibilities for actors to grow and develop the activities.

ESports sponsors and eSports entities find themselves in their business environment. Sponsors are searching interesting entities from the events and from the Internet. Sponsors use the eSports entities to market their products and look for entities that share the sponsor’s view and image. ESports entities can contact eS-
ports sponsors via email or meet them and speak with sponsors’ representatives at events. Both of the actors rely on different assets and abilities. When they engage in sponsorship they combine their abilities in order to gain benefits. The sponsorship creates benefits for both of the actors such benefits are only possible to obtain through sponsorship deals.

There are basic principles in sports sponsorship that seem to hold in eSports setting as well. Benefits include brand and image development, visibility, financial support, business process support and product support. Both actors receive brand and image development alongside with visibility. Through brand development the sponsors gain more valuable brand which affects positively to people. Visibility brings more people to the eSports sponsors and eSports entities and generates extra profit through sales. ESports entity actors receive financial support and business process support in the form of planning and business knowledge, direct financial support or product support. ESports sponsor actors receive community support as well and are able to better penetrate the market and find their target groups through eSports entity actors.

Sponsors use eSports entities for multiple purposes. One of them is the eSports entity’s brand which the sponsor uses to promote its own brand. Sponsors rent spots in the events or in the organizations’ gaming shirts in order gain to gain visibility in the form of advertising. Since they are renting since they are renting the spots this means that the entity receives compensation from the sponsors and thus benefits the eSports entity in the form of funding. ESports entities have specific expertise which the sponsors can use to gain additional benefits. The players are especially important for product development as they can give the best criticism towards sponsors’ products and help sponsors to enhance their products. The players are present in events and can communicate with the community more efficiently than the sponsors’ representatives thus helping in the form of product marketing.
Our main research question was “how is value created through sponsorship in electronic sports”. There are many ways to create value but the value creation happens in the relationship. Thus we could say that the main answer to this question is “through the relationship between the actors”. It all starts from the relationship formation and the relationship conditions that are mutually agreed upon. This is why the ARA-model was chosen because it helps to describe the sponsorship from the relationship B2B point of view with the elements it provides. However not all the actors are business entities, meaning that the individuals may not be juridical business companies. Relationship formulation and how to maintain relationships were highlighted on the theory part and the results showed that it is the most important aspect of eSports sponsorship.

We used the ARA-model to put the relationship into a theoretical framework to be used in the context of eSports. The sub-research questions helped to find out how actors function in the relationships with which resources through which activities. There needs to be at least two actors to form an eSports relationship. These can be combinations between companies or company and an individual. There always need to be a sponsoring actor and sponsored actor with resources to bring into the relationship. Resources are extremely important because without them, there can be no benefits for either of the organizations. The intangible resources are more important for the sponsoring actor and the tangible resources are more important for the sponsored actor. There were certain rules for sponsorship to be called sponsorship for example that both need to be business entities. This was however not true in eSports sponsorship as individuals can be sponsored actors which benefit the sponsoring actor. This brings a new type of viewpoint to sponsorship in general. These new viewpoints give a certain amount of contribution to the academy in the form of new study. Since we have new type of environment we have new findings in the new environment.
6.2 Managerial implications and suggestions for further studies

The current managers emphasized the importance of community. It is recommendable that eSports sponsors have people from the eSports community to do business with the eSports entities. One manager even pointed out during the interview that the facts of traditional sports sponsorship may not work out in an eSports setting or with the community. On a general level and on a value creation basis the facts in traditional sports sponsorship seem to work in eSports as well at least in the form of benefits such as image and brand development. The difference could relate more on forming and maintaining the relationships. Managers wanting to work and engage in eSports environment should start by examining the community since understanding the community in eSports is essential. This is because it differs a lot from traditional sports communities.

Relationships are always different and in sponsorship context they form around a group of people. Because every relationship is unique it also means that it is hard to study and generalize because people are different and may value different things. In eSports setting the relationships form between entities and sponsors. Sponsors and entities have different groups and individuals which create relationships within the relationships. The strength of the relationship varies within relationships as they would in any other setting as well. The eSports sponsors were found through an eSports entity working in Finland. Some of the sponsors interviewed have operations in other countries which are bigger than in Finland. This is simply because other countries simply have bigger eSports community. More study including more eSports sponsors and entities to confirm our findings in this thesis. The more the eSports sponsors and managers are into eSports the more they want to develop and help the community. Value is dynamic and the perception of value depends on the context and viewpoints it is studied in. In this setting the managers who value eSports and the community may have different perception of value. This means they value different things in a relationship and monitor and evaluate it differently.

There are too few studies conducted on eSports in general and there are even less that relate to eSports sponsorship and relationships even though traditional
sports sponsorship gives a good starting point with which to apprehend eSports. This study was limited to the eSports community, eSports entities and eSports sponsors viewpoint who are working in the area of Europe. This does not mean that the sponsors do not operate on other continents as well, but in this study the managers of eSports sponsors work in the European area. This is why this study is limited to Europe and the viewpoints of eSports in the form of communities, entities and sponsors need to be studied in other continents as well. This study was about relationships in eSports. Because the community, entities and sponsors are mainly limited to functions in Europe it means that the relationship aspect is limited as well to the European point of view. More study is needed still in the European area and a comparative study could be done with the eSports entities and sponsors working in other continents such as America and Asia where the eSports community is big. This would give broader view of eSports sponsorship and give more information about the relationships and eSports sponsorship values for all the three important aspects, the community, entities and sponsors.
REFERENCES


Dota 2 prize pool tracker 2014 available at: http://dota2.cyborgmatt.com/prizetracker/


APPENDIX 1

Questions to managers working in electronic sports

What does sponsorship mean for the company you represent?

Does your company currently sponsor any other sports besides electronic sports?

If yes, how in your opinion sponsoring traditional sport differ from eSports sponsoring?

How long have you been engaged in eSports sponsorship activities?

Why did your company decide to engage in eSports sponsorship?

How does your company seek for potential eSports partners and how have you found them?

How does your company manage sponsorship relationships?

What resources are exchanged? Tangible and intangible resources (direct monetary aid, business process support)

How does your company maintain sponsorship relationships?

How do you evaluate the success of sponsorship relationships?

What kind of sponsorship networks does your company have?

Is sponsorship tied to your company’s corporate strategy? How?

What types of sponsorship is your company engaged in? (e.g. event sponsorship, team/organization sponsorship)
How many organizations are you sponsoring?

How do you perceive your company’s sponsorship strategy? Do you have the organizational point of view or network point of view? (How do you position yourself in the network?)

What are the benefits of eSports sponsorship for your company?

How is the effectiveness/success measured and evaluated in your company? (e.g. Return on Investment, successful promotion and exposure through media).

What are the important aspects when measuring the success of sponsorship relationships? (e.g. visibility, brand development).