



## Chapter One

# SPONSORSHIP

*A New Approach to its Esports Presence*



# ABOUT

Shikenso Analytics is a German tech start-up specializing in artificial intelligence solutions for brand and media valuation across streaming platforms and social networks. Partnering with international clients of diverse commercial backgrounds, our metrics empower teams, organizations, and rights holders to track their sponsorship assets effortlessly.

# PREFACE

With demand rising for data-driven solutions in the gaming and esports industry, analytics companies are drawing more and more attention. Advanced technology and ever-improving metrics promise an era of unlimited possibilities. In this report series we shed light on all facets of sponsorship in the industry – the selection of the right metrics, the measurement of success, and best practices.

To begin with, we regard a brief introduction to the subject as indispensable to a better understanding of the space and its current shape.

# SPONSORSHIPS

What constitutes sponsorship depends heavily on context. The Cambridge Dictionary defines the word, in its marketing sense, as “the act of providing money for a television or radio programme, website, sports event, or other activity in exchange for advertising”. Today the most common example of sponsorship is sports, with annual spending budgets in the billions. Brands employ it as a marketing tool to accomplish business goals. But they don’t have to represent the market they are sponsoring. A baseball match may be sponsored not just by a manufacturer of baseball bats – but also by a fast-food company, a credit union, or a rental car service. Hence, brands in sponsorship can be placed in one of two categories: endemic or non-endemic brands.

## Endemic Brands

An endemic sponsor creates products or services intended for application within the respective area. Consequently, a gaming keyboard manufacturer that also sponsors an esports team is an endemic sponsor. Significantly, the performance of the sponsor’s product will often impact user performance.

## Non-endemic Brands

A non-endemic sponsor is a business whose products or services are not intended for application in the sponsored sector but still benefits from its market opportunities. For example, an insurance company sponsoring an esports team does not directly influence its performance.



Omen is HP’s gaming-oriented product line, featuring high performance laptops and desktops as well as accessories directed at serious gamers.



SteelSeries is a manufacturer of gaming peripherals and accessories such as headsets, keyboards, mice, and mousepads.



Dr. Oetker is a globally operating food company which forms an umbrella for numerous production and sales companies.



Deutsche Telekom is by revenue the largest telecommunications provider in Europe and one of the world’s leading integrated telecommunications companies.



Photo by Patrick Robert Doyle on Unsplash



# WHY BRANDS ENGAGE IN SPONSORSHIPS

Since companies rarely hand out freebies, the overriding rational for their sponsorship involvements is evident: to increase revenue. This can be achieved and measured in different ways. The following is a list of revenue-boosting corporate objectives that may benefit from sponsorships.



**Brand Awareness:** Gain visibility and publicity by having your brand appear in front of thousands or millions of viewers



**Customer Loyalty:** Emphasize brand authenticity and build affection for your products by sponsoring teams, organizations, or events in a purposeful manner



**Brand Reputation:** Promote a positive image by virtue of recreational or charitable purposes to which people can relate



**Acquisition:** Familiarize yourself with new prospects and spark new brand relationships through existing sponsorships



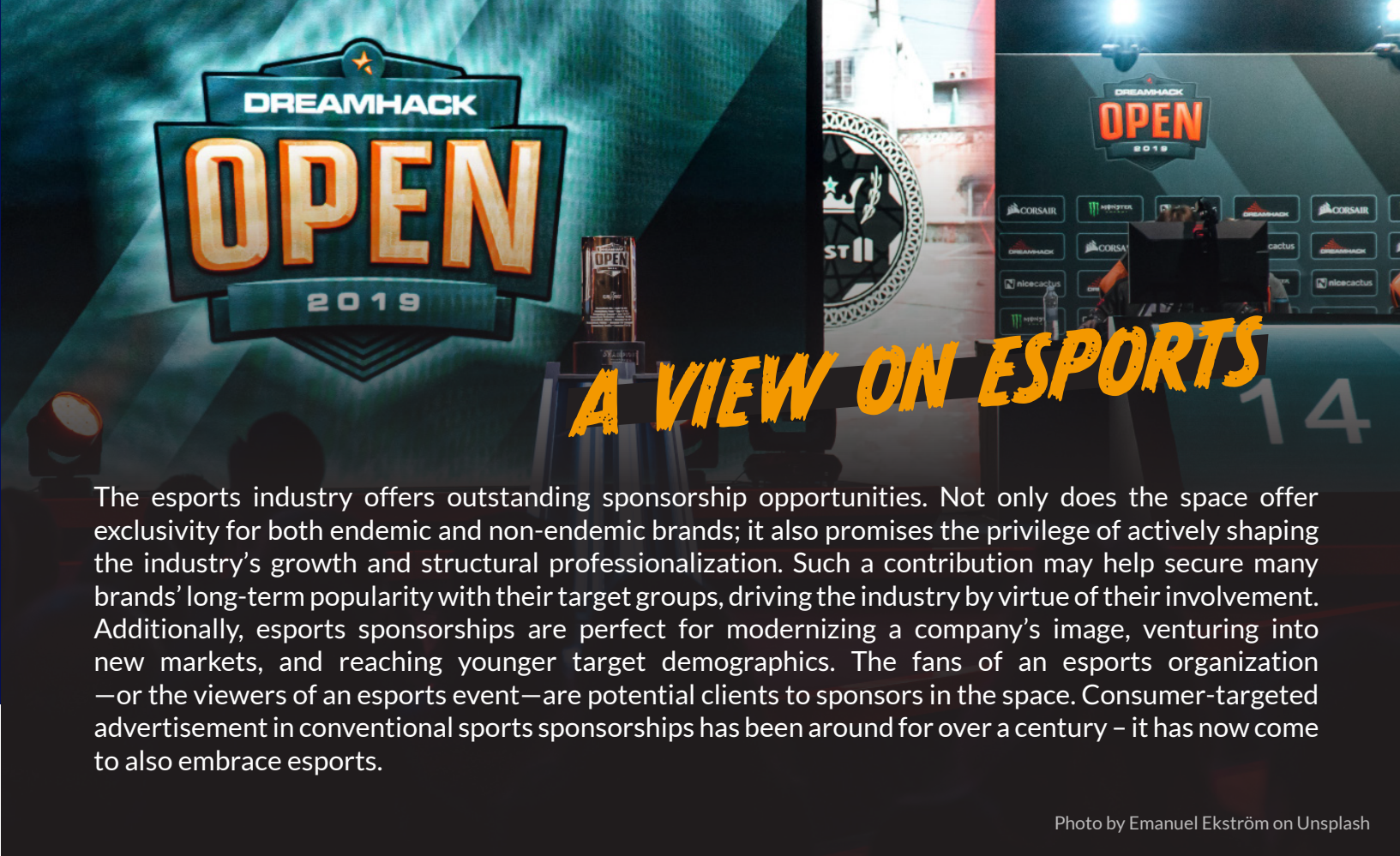
**Differentiation:** Distinguish your company from competitors through sponsorship activities in emerging markets



**Product Launch:** Use brand partnerships to introduce new products to your target group



**Drive Sales:** Put yourself out there as a sponsor for people to see your brand, and likely increase leads, conversions, and sales



The esports industry offers outstanding sponsorship opportunities. Not only does the space offer exclusivity for both endemic and non-endemic brands; it also promises the privilege of actively shaping the industry’s growth and structural professionalization. Such a contribution may help secure many brands’ long-term popularity with their target groups, driving the industry by virtue of their involvement. Additionally, esports sponsorships are perfect for modernizing a company’s image, venturing into new markets, and reaching younger target demographics. The fans of an esports organization –or the viewers of an esports event–are potential clients to sponsors in the space. Consumer-targeted advertisement in conventional sports sponsorships has been around for over a century – it has now come to also embrace esports.

Photo by Emanuel Ekström on Unsplash

## Comparing Two Industries

There are parallels between esports and traditional sports, such as professional teams, youth academies, or performance centres. Regarding sponsorship, there have been steady improvements in integration practices, such as branded jerseys (Exhibit 1) and product placements on screen. These practices have been successfully tailored to the industry and its target group. But esports holds one compelling advantage over traditional sports: its accessibility. While streaming fees for football or basketball present obstacles to potential viewers, the gaming and esports industry provides free livestreaming on platforms like Twitch and YouTube. Their content is available to anyone, anytime, and anywhere.



Exhibit 1:  
Johan „N0tail“ Sundstein;  
Danish Professional DotA 2  
player for team OG Esports



# BRANDS IN ESPORTS

Looking back on the history of professional gaming's rapid evolution, brands from various sectors have ventured into the space in different ways. Traditionally, esports had been deemed one of the few unsaturated markets for brand activation. Today, however, this remains only partially true. Brands from diverse backgrounds have entered esports by employing sponsorship, for example of teams or tournament organizers (Exhibit 2). Business interest in the sector is growing along with its rapid expansion in popularity and reach. Initially, for example, energy drink makers were the sponsorship pioneers of the beverage industry. Today, more traditional brands like breweries have joined, hoping to tap the sector's opportunities. As with conventional sports sponsorship, location-based targeting has an important role to play. While many of the brands shown are globally operating corporations, others are bound to their local target group and core market. A noteworthy example is the telecommunications industry where every sponsor has established a partnership with a local organization.

The esports market's size and reach has already achieved considerable proportions, but its career of growth is far from over. It is safe to assume that many more brands will find their way into the space in the coming years.

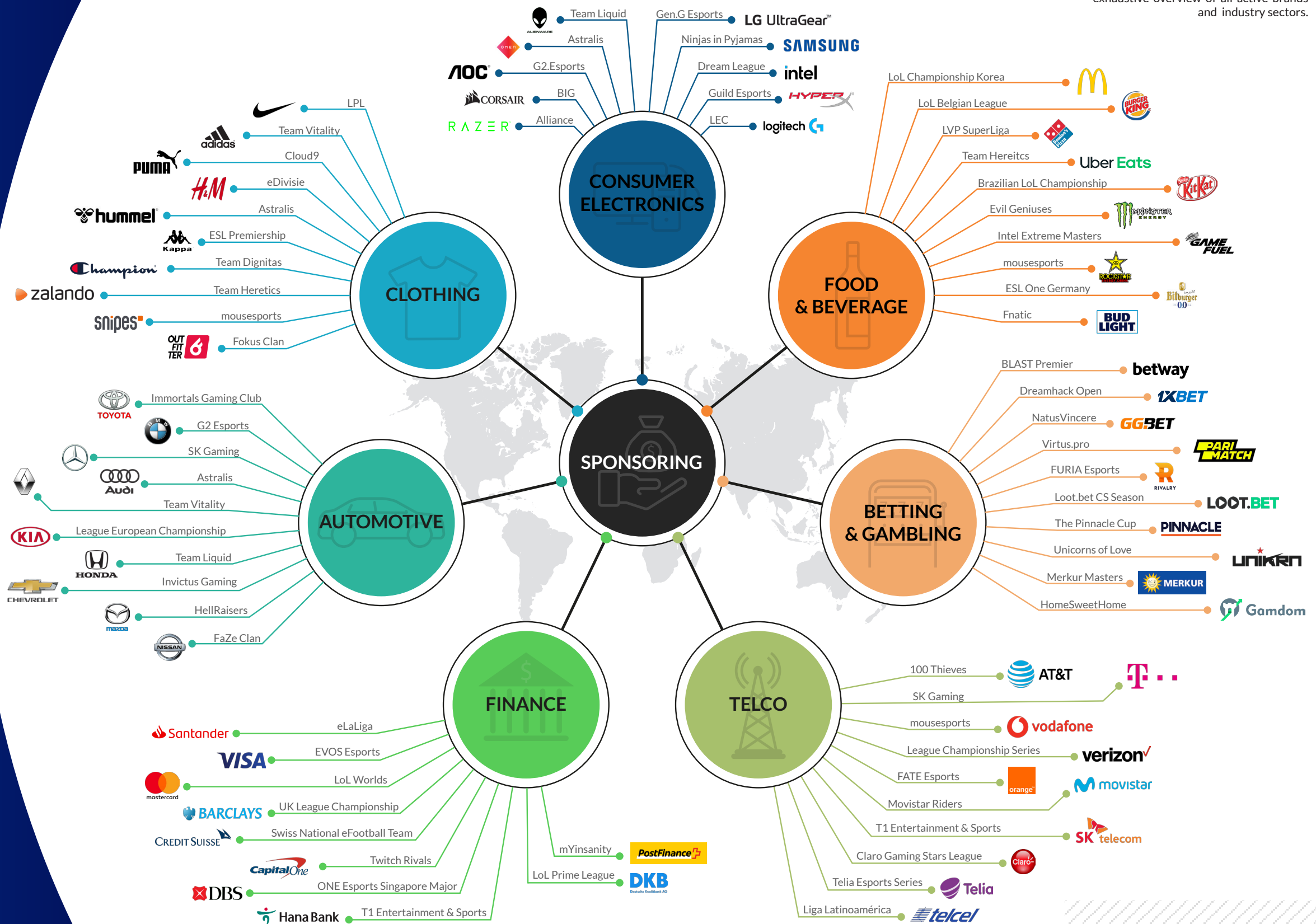


Exhibit 2: Brands in Esports

Brands shown in this graphic are either currently active or have been active in a sponsorship agreement with the respective organization in the past.

Notice: this graphic does not provide an exhaustive overview of all active brands and industry sectors.



# THE SPONSORSHIP ASSET „ESPORTS“

Photo by Emanuel on Unsplash

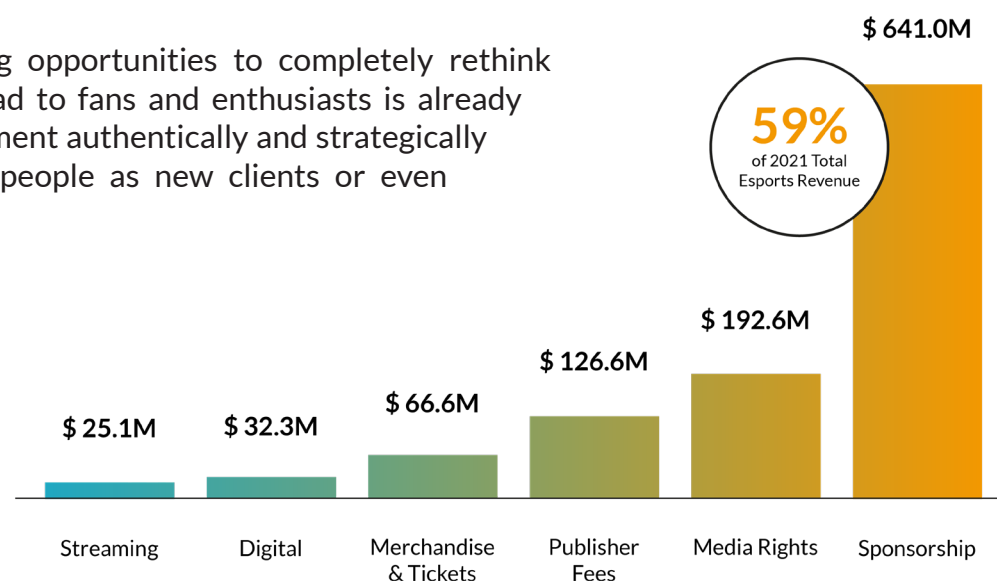
Especially through 2020, the industry's consistency has been underlined. It became clear that the market is no fluke. In addition to the established growth career came esports and gaming's increasing mainstream and media popularity, fuelling new engagements and paving the way for more sponsor entries. Given the favourable market conditions, productions and events continue to grow year-on-year. Consequently, it is unsurprising that gaming has become an integral part of numerous marketing portfolios. With budgets rising, sponsorship now accounts for more than half of the esports market's entire revenue flow. (Exhibit 3).

As esports offers mesmerizing opportunities to completely rethink corporate sponsorship, the road to fans and enthusiasts is already paved. Activating your engagement authentically and strategically may attract especially young people as new clients or even employees.

Exhibit 3:  
Total revenue of the  
esports market in 2021  
by revenue streams

**\$1084.2M**

2021 Global Esports Revenue



Source: NewZoo | 2021 Global Esports & Live Streaming Market Report

Sponsorship in esports is an effective marketing tool to reach a youthful and tech-oriented audience. But esports is just one piece of the cake. After all, not everyone is an enthusiast who regularly consumes esports content. According to *streamlabs*, Twitch, YouTube Gaming Live and Facebook Gaming accumulated a total of 8.99 billion hours watched in Q2/2021 alone. By contrast, the highest ranking esports tournament –Riot Games' League of Legends Mid-Season Invitational–accounted for only 59,7 million hours watched, a mere 0,66%. In other words: While esports is becoming bigger and bigger, there are additional ways for sponsors to reach this young target group. Full time streamers, lifestyle influencers or content creators being ubiquitous in the digital age, the possibilities of engaging with your target group are endless. But one thing stands out as clear as daylight:

**Embrace new media.**

*In our second chapter, we will highlight different ways sponsors can get involved and activate their engagements. We will examine how sponsor integration practices are used in esports and how brands interact with content creators and influencers.*

*Text, layout, and illustration by Karsten Schonauer  
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**Questions?**



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## MORE THAN JUST ESPORTS

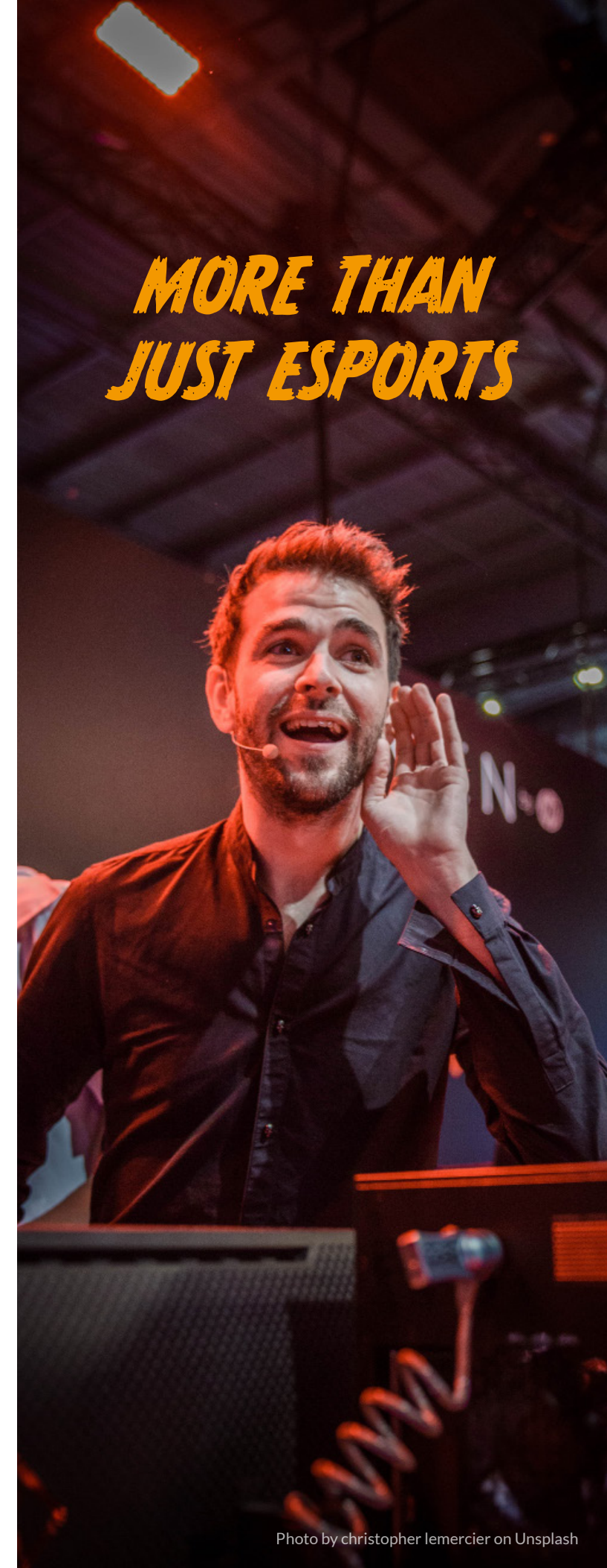


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