ISCTE Business School
Instituto Universitário de Lisboa

ON THE ROAD TO THE WORLD'S MOST POWERFUL ESPORTS BRAND
-
A CASE STUDY OF ESL GAMING

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-- *SPINE* --

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Resumo

Neste estudo de caso pedagógico é examinada a empresa ESL Gaming, que é uma das poucas empresas a receber o próspero setor na atualidade de eSports. Com o objetivo de se tornar a marca de eSports mais poderosa do mundo, a empresa concentra-se em ampliar sua forte posição no mercado e suportar a crescente pressão da concorrência. Esse objetivo deve ser alcançado com uma melhoria na gestão da marca e a criação do compromisso, possibilitando o relacionamentos sustentáveis com o mesmo. Com esta estratégia deve ser criada uma vantagem competitiva sustentável e direcionada para o aumento da atratividade para os investidores e jogadores da marca.

Neste estudo são aplicadas análises quantitativas e qualitativas para obter uma compreensão abrangente do setor, cobrindo o mercado de eSports e o desempenho comercial da ESL Gaming. Posteriormente, fatores críticos de sucesso são analisados e recomendações para uma estratégia de compromisso com o cliente ao longo do modelo AER (Aquisição-Expansão-Retenção). Com base nos resultados são apresentadas implicações para a gestão.

A resolução do caso mostra a alteração atual no mercado, o qual está a passar dum mercado determinado pela empresa para um mercado orientado ao consumidor. Os consumidores de eSports exigem um papel ativo nos relacionamentos marca-cliente. Assim, a ESL Gaming deve focar-se na implementação de uma solução de CRM (gestão do relacionamento com o cliente) que ajude a fornecer ofertas individuais por meio de canais digitais, mas também offline, com base nas jornadas individuais dos clientes. Assim, conteúdo personalizado e de qualidade elevada, ofertas aprimoradas de streaming, mercadorias, emissão de bilhetes e ofertas no local, além de opções móveis ao longo da jornada de relacionamento identificada, prometem relacionamentos de longo prazo. Com efeito, as intenções de compra, a relação custo-benefício e a co-criação são aprimoradas levando a uma vantagem competitiva sustentável.

Keywords: eSports (desporto eletrónico), Marketing Relacional, Compromisso com o Cliente, Retenção do Cliente

JEL number: M310 Marketing; M21 Business Economics

Abstract

With this pedagogical case study, the company ESL Gaming, which is one of the few companies that have recognized the potential of the nowadays thriving eSports sector at early stage, is examined. Aiming to become the world's most powerful eSports brand, the enterprise focuses on extending their strong market position and withstand growing pressure of competition. This goal is intended to be reached with an improvement in brand management and the creation of customer engagement that decides on sustainable customer relationships. Herewith, a sustainable competitive advantage shall be created, directing at the goal to increase attractiveness for brand investors and gamers.

In order to gain comprehensive understanding of the industry, quantitative and qualitative analyses are applied, covering the eSports market and business performance of ESL Gaming. Subsequently, critical success factors are analysed and recommendations for a customer engagement strategy along the AER model (Acquisition-Expansion-Retention) are developed. Based on the results, business implications are presented.

The case resolution displays the current alteration in the market. It is moving from a merchant-determined to a consumer-oriented market. eSports consumers demand an active role in brand-customer-relationships. Thus, ESL Gaming should focus on implementing a CRM (Customer Relationship Management) solution that helps providing one-on-one offerings through digital, but also offline channels on the basis of individual customer journeys. Therewith, personalized and high-quality contents, improved streaming offers, merchandise, ticketing and on-site offerings, as well as mobile options along the identified relationship journey, promise long-term relationships. In effect, purchase intentions, cost-effectiveness and co-creation, leading to a sustainable competitive advantage, are enhanced.

Keywords: eSports, Relationship Marketing, Customer Engagement, Customer Retention

JEL number: M310 Marketing; M21 Business Economics

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List of Abbreviations

AER	Acquisition-Expansion-Retention
B2B	Business-to-Business
B2C	Business-to-Customer
BMC	Business Model Canvas Tool
CoD	Call of Duty
CE	Customer Engagement
CLV	Customer Lifetime Value
CRM	Customer Relationship Management
CS	Counter-Strike
CS:GO	Counter-Strike: Global Offensive
CSR	Corporate Social Responsibility
DCCG	Digital Collectable Card Games
EU	European Union
e.g.	For example (abbreviation for exempli gratia)
e-commerce	Electronic commerce
ESL Gaming	Electronic Sports League Gaming GmbH
eSports	Electronic Sports
et al.	And others (abbreviation for et alii)
eWOM	Electronic Word-of-Mouth
FIFA	Fédération Internationale de Football Association
FPS	First-Person-Shooters
GDP	Gross Domestic Product
HotS	Heroes of the Storm
LoL	League of Legends
MMO	Massively Multiplayer Online
MMORPG	Massively Multiplayer Online Role-Playing Game
MLB	Major League Baseball
MLG	Major League Gaming
MOBA	Multiplayer Online Battle Arena
MTG	Magic: The Gathering
NBA	National Basketball Association

NFL	National Football League
NHL	National Hockey League
PUBG	Playerunknown's Battlegrounds
RM	Relationship Marketing
RTS	Real-Time Strategy
STP	Segmentation, Targeting, Positioning
UK	United Kingdom
USA	United States of America
VoD	Video-on-Demand
WHO	World Health Organization
WoT	World of Tanks
WOM	Word-of-Mouth
WoW	World of Warcraft
YoY	Year on Year

1. Introduction

This pedagogical case study is aiming for educating future business and marketing managers by means of an up-to-date and realistic business situation. Due to consistently re-emerging trends in the business environment, educators in business-related study programmes are compelled to include contemporary, agile and cumulative teaching methods that case rising and innovative market situations (Akdeniz *et al*., 2019). Thus, this case study aligns with the trend of time by providing an active learning approach combined with a challenge on a rising business sector. By conveying the needed knowledge for the case study and by supervising scholars in their development of solutions, educators create room for autonomous thinking (Akdeniz *et al*., 2019). By that, scholars have the possibility to reinforce their learning experiences and to administer the learned. By drawing on knowledge about business administration, management and marketing, scholars are directed at the goal to develop a resolution proposal with the following overall research question at its core:

How to increase the powerful market position of ESL Gaming and withstand the growing pressure of competition in order to become the world's most powerful eSports brand for brand investors and gamers?

1.1 Problem Presentation

eSports, or competitive video gaming, is on the march to become one of the most flourishing industries in today's business world (Funk *et al*., 2018). With great momentum especially in 2019, the foundation stone for prodigious achievements was laid (Weili, 2018; Statista, 2019). Due to its streaming offers, digital origin, engaging nature, as well as outstanding growth velocity, eSports is evaluated to become an even more compelling medium for brand investors and consumers than traditional sports (Singer & Chi, 2019). In fact, traditional sports clubs (FC SCHALKE 04, VfL Wolfsburg), sport associations (e.g., NBA), and even leading companies of dissimilar origin (e.g., BMW), have realised the great market potential of eSports (Landrum, 2017; Hallmann & Giel, 2018; Rentz, 2020). As a consequence of the industry's thriving success, more and more companies, offering eSports related products and services, flood the market. Great advantages for operating businesses are the result. Nevertheless, growing competition signifies the critical importance of a clear and focussed strategy in order to keep pace with new and inevitable trends that increase profits as well as a company's standing in the market. Especially pioneer companies, that

have been benefitting from their entrenched market leader position so far, are threatened to be rivalled by (younger) competitors, whose strategy is created at the pulse of time. Resulting, pioneer companies, such as ESL Gaming are now facing a major hazard that cries out for the defence of their advantage against competitors. In order not to be outpaced, the enterprise is forced to revise their strategy. Due to the challenging business environment, a quick and sustainable adjustment to market and competition is demanded. Customer engagement is a central topic in this context. Only if ESL Gaming manages to increase their brand value in a way that not only attaches customers to their brand, but further retains them in the long-run, it will be able to stay attractive for brand investors, and maintain, as well as extend their competitive advantage. Therefore, it is crucial for the company to create engaging strategies that build relationships with consumers and sponsors.

1.2 Thesis Structure

This thesis is comprised of three main sections. Starting with the introduction of the case on the eSports company ESL Gaming, the author presents a narrative about a young millennial woman that is confronted with a practical problem. This way, the scholars' motivation, as well as their commitment to the task at hand, is aimed to be encouraged (Dracup, 2008). Further, in this chapter, scholars attain information about the contemplated industry. The information, together with a prior conducted focus group and a collection of supporting annexes, is assembled to provide students with the groundwork for creative and higher order thinking, which is demanded for resolve the presented case study. Four leading questions guide students through solving the case. The second part of the thesis is composed of material on the case study's target audience, the pedagogical objectives, as well as the presentation of a literature review on relationship marketing as relevant marketing topic and its current priority in the eSports context. Moreover, the section encompasses analytical tools, an animation plan and animating questions for educators. The second part finishes with a resolution proposal, providing answers to the former stated case study questions. Summarised, this chapter contains teaching notes with the goal to provide educators with the necessary material required to distribute a holistic learning experience to scholars. The final section features main conclusions and managerial implications for the management and marketing team of ESL Gaming, in order to increase the company's powerful market position and to enhance their competitive advantage sustainably.

2. Case Study Context

Five years ago, Emma Johnson started working in a globally operating company presenting a shopping community and corresponding customer loyalty program as their core business. Her skills, together with her ambitious character and mind set made her become an important part of the company. This way she managed to be promoted twice in the first company she worked in. She knew that her work was recognised so well, because she did as she was told, even though she had secretly started questioning procedures within her team and the company already by the time of her second promotion. In her last position in that company, she felt it was her time to make a change to the marketing department and the way they were operating, both economically and regarding social intercourse. Emma reconsidered structures that should overcome the decelerated growth potential of the company. She wanted to show which skills she brings to the table and that there is more to accomplish within the company than currently strived for. She delivered great ideas, elaborated marketing strategies, and ended up realising that absent structures and missing appreciation, made it impossible for her to be heard. She was underemployed, while tilting at windmills and being burned out by her company.

Now, at the age of 28, Emma realized that only she can determine her own path. With this in mind, she started searching for new opportunities that would draw on her former knowledge but also allow her to work in a contemporary and empowering environment at the same time. Emma was looking for the possibility to work with a company that understands the importance of marketing for their business, sustains colleagues that not only respect each other, but further pull together, and has an enthusiastic customer base that is passionate about the industry the new company operates in.

Finally, Emma Johnson received an offer from ESL Gaming GmbH (ESL Gaming). Emma's new task would be the Marketing Team Lead, including restructuring the marketing department, entirely, with the higher aim of finding ways that build and extent ESL Gaming's sustainable competitive advantage in the market without harming the brand's character. She reminded herself that she wanted to be more intentional in her decisions regarding her next job position. Thinking back to the interviews with ESL Gaming, she got the impression that all stakeholders of the company seem to be aligned, ready to reach one common goal. It appeared to her as if the goal of the company was not only alleged, but that they truly afire with creating an incomparable platform for their community, on which they can develop and engage. A reputable aim for a company that already is one of the biggest

global players for production and event experiences in eSports, Emma thought. Such could be originated in the nature of the company, which was founded by gamers, who are enthusiasts themselves, led by the ambition to provide the best experience to fellow gamers (ESL Gaming, 2020 a). The company is convinced that for every admirer of eSports there is a place and that each and every person should be able to express their opinion (ESL Gaming, 2020 b). Conjointly, she found the purpose statement of the company fairly appealing: *"We are ESL – Where everybody can be somebody"* (ESL, 2019: 3), an outlook she had endeavoured for her business reboot. An exciting, but highly challenging assignment, Emma pondered. Thrilled she decided to accept the offer (ESL Gaming, 2019).

In her first few months at ESL Gaming, Emma Johnson invested a lot of time in order to become part of the company, familiarising with the existing marketing tools and communication channels, while assembling her own team. Finally, the time had come to take action. Other than her manager in the former company, she wanted her team to elaborate strategies collectively. Consequently, she convened a meeting with her team and the directing question: 'How to increase the powerful market position of ESL Gaming and withstand the growing pressure of competition in order to become the world's most powerful eSports brand for brand investors and gamers?'.

In order to reach her team's goals, Emma has decided to include each team member and has delegated the different tasks to her employees. First, they would need to gain a holistic understanding of the market and the environment the company operates in. They would have to comprehend the current situation and market position of ESL Gaming. Upcoming trends in eSports should be elaborated and mapped in order to build the base for further actions. From this knowledge, Emma Johnson thinks, profound and sustainable strategies can be derived, which will help her and the team to reach their superior goal. On this ground, the team starts researching:

2.1 eSports Markets

The team's research has revealed that not even ten years ago, business in eSports (or competitive gaming) was dealt as an unattractive industry, which seemed not very promising, especially for investors (Deloitte Corporate Finance LLC & The Esports Observer, 2019; Weili, 2018). The sector was still young, unknown and required the backing of sponsoring in order to sustain (Weili, 2018). However, with the installation of official

organizations worldwide, the eSports industry quickly gained in relevance and attraction. With the realization that eSports has the potential to be as appealing to fans as any other sports competition, investors soon started developing an interest in this newly rising field. Together with the private investors' amplifying need to prospect new fields for funding, the gaming industry suddenly became an area of high significance almost overnight. Thereby, eSports has been quickly elevated from a first stage marketing budget industry to a well-defined mainstream phenomenon through the contribution of renown sponsoring companies, bringing new commercial opportunities to the structures and stakeholders involved (Seo, 2013). The investments positively contributed to the flourishing attractivity of the industry, suddenly also drawing conventional financiers with strategic and private equity backgrounds until, eventually, even governments started to offer funds (Deloitte Insights, 2019; Ashton, 2019). In 2019 slightly more than 80% of the total revenue came from brand investments, such as sponsorship, media rights and advertising. The most influential growth hereby could be detected in sponsorships (+34.3% YoY) and media rights (+41.8% YoY).[1] This growth is further expected to increase in the year 2020.[2] With this, the industry collected an immense volume of investments that has assisted eSports to reach the world-wide growth of almost 27 percent in 2019 (Newzoo, 2019).

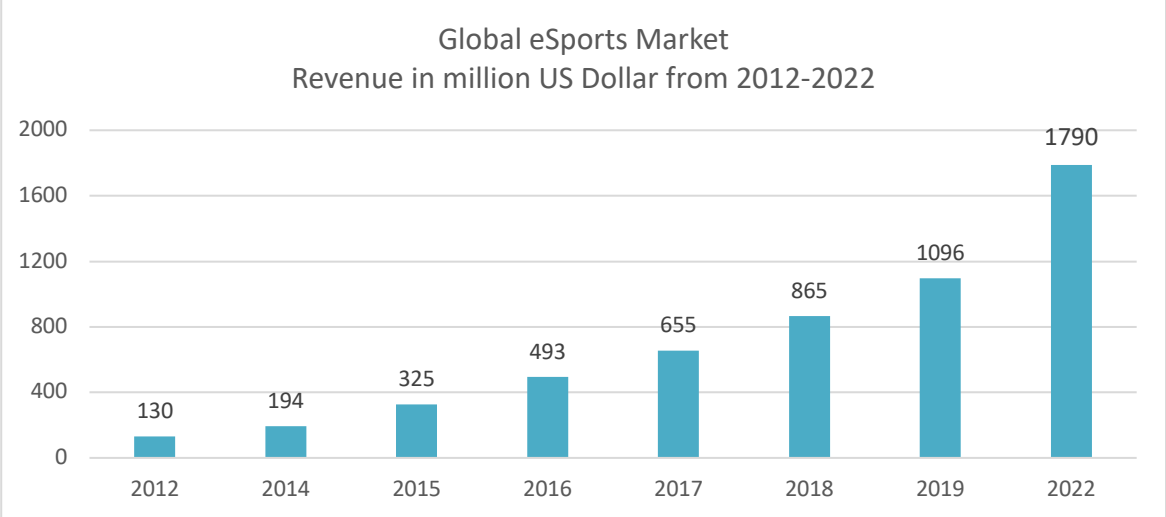


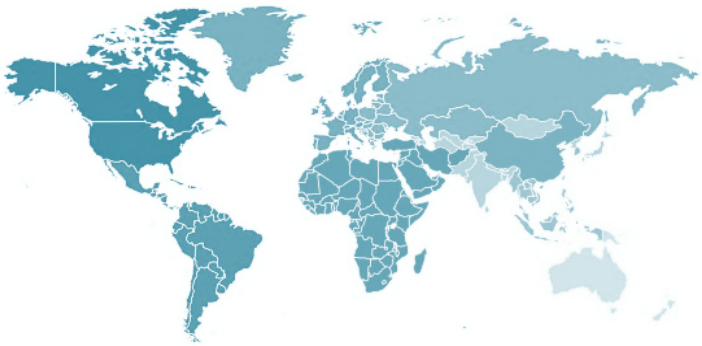
Figure 1: Global eSports Market –Revenue in Million US Dollar from 2012-2022 (Statista, 2019)

[1] Annex A

[2] Annex B

Realizing the eminent importance of the year 2019 for the eSports industry, Emma Johnson asks her team to dive deeper into concrete facts and figures. A growth this high, in the course of one year, leaves the eSports market as one of the fastest growing markets currently existing (Newzoo, 2019).

Figures, such as the development of the worldwide eSports revenue from 130 million US Dollars in 2012 to an expected revenue of close to 1.8 billion US Dollars by 2022, made up by roughly 87% brand investments, further underline the rapid evolution of the industry (Newzoo, 2019). As further illustrated in Figure 1, the year 2019 describes a major break-through for the sector by virtue of exceeding the 1-billion-dollar revenue mark for the very first time (Weili, 2018; Statista, 2019). The majority of the revenue was collected by Asia, North America and Europe; together they constitute around 90% of the overall market, whereas each market accounts for approximately 30% (Deloitte Insights, 2019). The indicated stands to reason, Emma thinks, while considering that Asia, the EU, and the USA frame the world's largest economies regarding their GDP.[3] Reading what experts have revealed throughout numerous studies, it is evidentiary to her that a wealthy economy and rising incomes lead to an increase in the consumption level of people (e.g., Baoren, 2007).



2019

Population	**7,672.2M**
Online Population	**4,120.7M**
Esports Awareness	**1,757.5M**
Esports Enthusiasts	**201.2M**
Esports Revenues	**$1,096.1M**
Annual Revenue per Enthusiast	**$5.45**

Image 1: Global eSports Overview (Newzoo, 2019)

[3] Annex C

Furthermore, and as shown in Image 1, almost two third of the world's population was familiar with the use of the internet in 2019. Roughly one fourth of the overall online population is aware of eSports, and more than 200 million people are eSports enthusiasts. This, and the colossal revenues the industry has recently yielded, shows that eSports can not only be considered as one of the most fascinating industries for investors, but further as one of the most alluring tiers for consumers. Not only will the Asian, European and North American economies continue to grow, but untapped markets will trail pioneering markets in the next years to come. Thus, experts forecast a great future for the sector, opening up uncounted opportunities (Deloitte Insights, 2019).

But will it be enough for a company operating in this field to stay continually competitive? On the upside, the sector obviously has reached a significance level high enough for politics to become aware of its potential. Governments have started to become involved, contributing by opening ways for eSports to sustain. First funds for eSports projects, such as eSports stadiums, academies, hotels or even full city districts, have been deployed by Malaysia, China, UK, and Denmark since November 2018, presaging a trend that may be replicated by other nations in the future (Ashton, 2019; Newzoo, 2019). Moreover, politics start to administer the complexities international competition implies. For instance, in Germany, the current government has adjusted procedures, allowing international gamers to enter the country for 90 days per year and thus giving them the chance to circumvent strict visa policies, while slowly adjusting policies towards those, conventional athletes enjoy (Ashton, 2019). Additionally, the German government put down a promise in their coalition agreement, stating that they will support eSports to eventually become an Olympic discipline (CDU, CSU & SPD, 2018; Online Marketing Rockstars, 2018). Furthermore, in 2020 the World Health Organization (WHO) and some of the most renown gaming companies have partnered up to appeal to the public to mind the social distancing sanctions applied in the scope of the Coronavirus disease by governments worldwide (Takahashi, 2020 b; European Centre for Disease Prevention and Control, 2020). The Coronavirus disease also known as COVID-19 is an infection induced by the coronavirus (SARS-CoV-2), which was newly detected at the end of 2019 (World Health Organization, 2020; Lai *et al*., 2020). With social distancing measures, implemented in order to reduce the number of physical touchpoints of individuals, the dissemination of the pandemic Coronavirus disease has been tried to be slowed down (European Centre for Disease Prevention and Control, 2020). With the Campaign "#PlayApartTogether", gaming

companies, together with the WHO, have ushered people to perform physical social distancing, but in a lively way, by bringing people together, online. The indicated, has not only been generating a buzz in the (potential) target group, but further has created opportunity to bypass social detachment and mental sickness. This act was a great step for the WHO, who classified intense gaming as a disorder only one year before, and a big step for the gaming industry on their way to be recognized as a sports activity (Takahashi, 2020b; World Health Organization, 2018). Further, due to the financial crisis, originated in the consequences of the COVID-19 pandemic, the popular belief is that a drastic increase in inflation rates can be expected on a global scale in the very near future. However, experts presume that the inflation rate will not increase exceptionally. According to Mumm (2020), global initiated financial aid packages have been passed at a tearing pace with the aim to save businesses from bankruptcy. Consequently, the liquidity serves the defense of an economical emergency situation and will not be spend for the purpose of consumption. Moreover, a surplus in liquidity can be compensated with an increase in base rates, new regulations on equity or an increase in taxes, after surmounting the crisis. Thus, an inflation rate increase as a result of the Corona-Crisis is rather improbable (Mumm, 2020), whereas a global decline in GDP growth, compared to the previous year, can be forecasted for 2020. For G20 countries alone, a decline by up to 0.4% is predicted for the year 2020, followed by a comeback of economic growth in 2021 (Statista, 2020 a).[4]

On the downside, however, countries such as China attract attention amongst the eSports community by implementing rigorous game regulation policies with the aim to control game contents, numbers of digital games annually allowed, as well as license allowances, to mention but a few. In 2018, China implemented their policies in such strict obedience that first eSports companies already had to face heavy financial losses since implementation (Ashton, 2019; Byrne, 2019). Moreover, the Protection of Young Persons Acts is a central topic in eSports that has given rise to questions in previous years. The combination of possibly harmful contents and a young target audience seem to arouse attention on a regular basis. With laws controlling publications of games and the execution of events, youth protection in online streaming is still missing. Furthermore, existing laws on youth protection are criticized to be obsolete and not up to date anymore (Baumann, 2019). Yet, another major aspect afflicts the eSports community. The fact that many

[4] Annex C

countries have not yet accepted eSports as an actual form of sport, prompts the doubt, if and when this will be the case (Ashton, 2019). Lastly, in order to run leagues and improve gaming on a constant basis, the industry is compelled to make use of the enormous amounts of data produced by gamers every day through internet-connected terminal devices, such as computers, smartphones and consoles. Stakeholders, operating in the field of gaming, benefit from valuable consumer insights. Still, for enabling data collection of this size, data center and server farms are needed to provide the required capacity (Morris, 2008). The problem with data center and server farms is that they are paying in on a central and very sensitive topic, today's society is concerned about: Sustainability (Singh & Singh, 2016). Through large amounts of carbon dioxide emissions, set into operation by unsustainable ways of implementing civilization and globalization, processes like global warming, pollution and ozone exhaustion have been caused. Before mentioned are only excerpts of the environmental crisis the world is currently facing (Singh & Singh, 2016). Looking at data center and server farms, it becomes apparent that large amounts of energy are used by running 24 hours a day. Because of the danger of overheating and the impossibility of decentralization, even more energy has to be mobilized in order to cool the servers down. In fact, around 50% of the energy raised, is eaten up by moderating the temperature of servers. With this, great amounts of carbon dioxide are being produced. With acceleration, due to growing user numbers and data packages, the numbers of businesses storing their data on servers increases, leaving the industry with a deep ecological footprint. With carbon dioxide targets by governments, a deep ecological footprint may cause difficulties for operating businesses in the future (Morris, 2008; Trueman, 2019).

2.1.1 Revenue Scope

Evidently, eSports has to overcome a number of obstacles, but has evolved significantly in the last years altogether, Emma Johnson reassesses. Market growth, as well as market size and revenues, demonstrate that the industry has grown to a respectful size (see: Chapter 2.1 eSports markets). Now, diving deeper into the subject matter, it is of crucial importance for Emma's team to internalise the revenue streams that are originated in all the stakeholders involved.

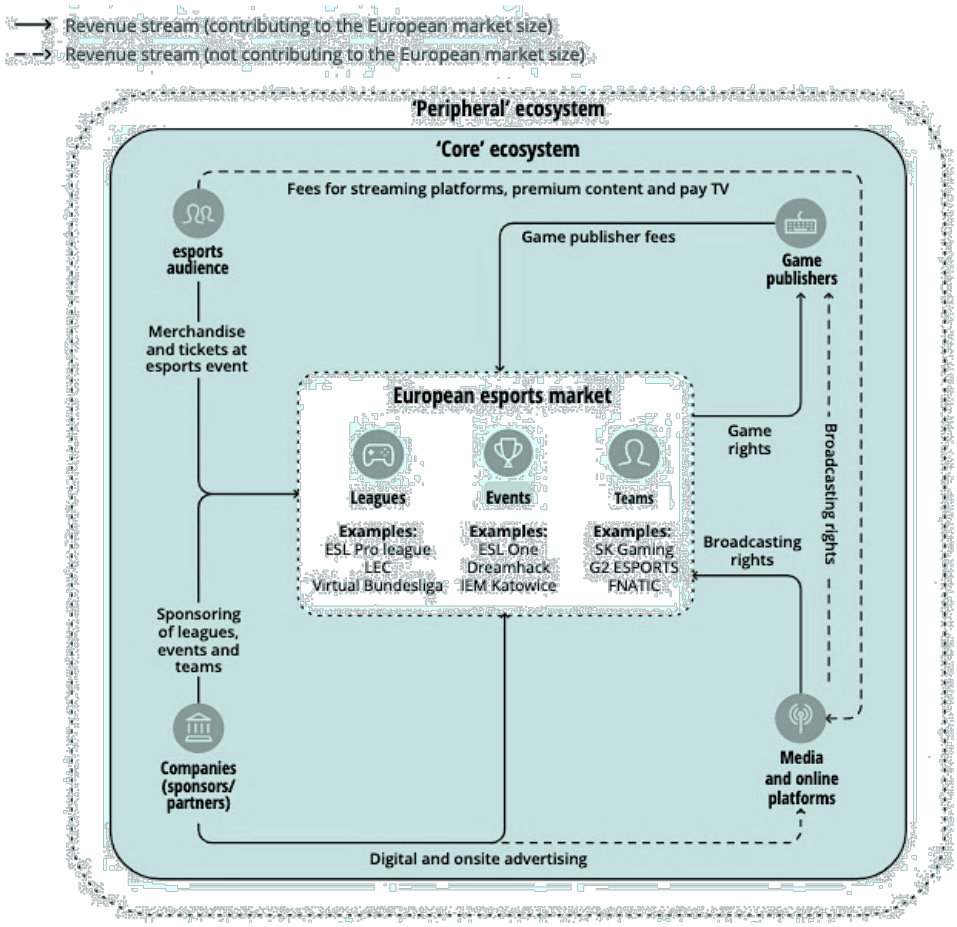


Image 2: The ecosystem of the European eSports Market (Deloitte Insights, 2019)

The eSports market is composed of eSports leagues, events and teams, as it is demonstrated in the core of Image 2. Therewith, the three central elements of the eSports ecosystem are identified. As a result, most of the revenues generated in eSports, are gathered through earnings that directly or indirectly evolve by afore mentioned events, leagues and teams. Especially stakeholders from areas such as sponsorship, advertising, media rights and streaming as well as publisher fees, ticketing and merchandise, play a major role for yielding money in the sector (Deloitte Insights, 2019).[5]

Thereby, most notable revenues are generated by brand investments, namely sponsorship, advertising, media rights & streaming. More detailed, revenues acquired by sponsorships are accumulated through contracts between sponsors and eSports teams, leagues and events. Sponsoring is certainly the greatest source of revenue in eSports. As a matter of fact, the industry can no longer be imagined without sponsorship deals with

[5] Annex A

partnered brands (Newzoo, 2019). Further incomes are generated through advertising and are collected with advertisements that are distributed to the eSports audience on TV, streaming platforms, online means and Video-on-Demand (VoD) sites. At last, brand investments on media rights and streaming offers are originated in media positionings, which are placed at events, or other central elements of the eSports ecosystem. The media rights acquired reach from rights for mainstream content to premium contents (Deloitte Insights, 2019).

Additional noteworthy revenue streams are represented by ticket sales for on-site eSports events as well as merchandise sold on events or by teams. On a global scale, earnings from tickets and merchandising score fourth place in 2019 and would have been predicted to grow to the third highest revenue post in 2020, without the consequences of the Corona Crisis in 2020 (Newzoo, 2019; Newzoo, 2020; Hayward, 2020). Besides, earnings gained by game publisher fees form an own revenue stream, in which publishers of games pay fees to the coordinators of eSports events in order to be incorporated into events and leagues (Deloitte Insights, 2019).

Lastly, revenue streams resulting from the areas 'digital' and 'streaming' are awaited to grow to a proportion large enough to be meaningful and stand-alone revenue streams in the future of the eSports ecosystem (Newzoo, 2020).[6]

2.1.2 Games, Events & Leagues

In consideration of the increasing importance of streaming offers and brand investments in the eSports context, Emma Johnson, in a next step, aims for taking a closer look at eSports games, events and leagues, as well as at their composition and execution.

Games

For Emma Johnson, her team and the field the company ESL Gaming is moving in, it is clear that eSports can be understood as professional gaming, which in turn is coordinated competition, based on computer games and executed in tournaments or leagues and mostly performed by teams. In this context, professional gamers are evaluated by their

[6] Annex B

accomplishments during a game and gain rewards based on their performance in form of awarding money and/or championship titles (Jenny *et al*., 2017; Seo, 2013).

Examining the games, most often viewed by fans and watched on the most popular online streaming platforms YouTube and Twitch, a distinction between live eSports content and live non-eSports content can be made (Newzoo, 2019). This distinction does not only demonstrate the importance of streaming offers regarding professional matches and accompanying commentary (live eSports content), but in addition shows the demand for influencing content, broadcasters and streamers (live non-eSports content). In the tables below, the top 15 games of 2018 are displayed, whereby Table 1 shows the live eSports hours watched and Table 2 presents the live non-eSports hours watched by spectators. In 2018, League of Legends was the game with the most viewed hours regarding live eSports matches and commentary. Simultaneously, live non-eSports League of Legends content, created by streamers and influencers, or covered in talk shows, was watched more than twice as much as the live eSports counterpart. On top of this, live non-eSports content on the game Fortnite did not only surpass the League of Legends contents but reached double the amount of hours watched (Newzoo, 2019).

Game	**Device**	**Hours**
League of Legends (LoL)	PC	347.4M
Counter-Strike Global Offensive (CS:GO)	PC	274.9M
Defence of the Ancients 2 (DOTA 2)	PC	250.4M
Overwatch	PC	101.3M
Hearthstone	PC	54.1M
StarCraft II	PC	26.2M
PlayerUnknown's Battlegrounds (PUBG)	PC	24.1M
Fortnite	PC	23.0M
Rocket League	PC	22.5M
Heroes of the Storm (HotS)	PC	20.3M
Tom Clancy's Rainbow Six: Siege	PC	15.7M
Magic: The Gathering (MTG)	PC	15.1M
Street Fighter V	Console	13.8M
Call of Duty: WWII (CoD: WWII)	Console	11.7M
World of Warcraft (WoW)	PC	10.9M

Table 1: Top 15 Games by Live eSports Hours Watched on Twitch & YouTube 2018 (Newzoo, 2019)

Game	**Hours**
Fortnite	1,636.8M
League of Legends (LoL)	816.1M
PlayerUnknowns's Battlegrounds (PUBG)	617.7M
Hearthstone	306.2M
Defence of the Ancients 2 (DOTA 2)	296.9M
World of Warcraft (WoW)	252.1M
Counter-Strike: Global Offensive (CS:GO)	213.0M
Overwatch	202.7M
Grand Theft Auto V	179.5M
Call of Duty: Black Ops 4 (CoD: Black Ops 4)	154.0M
Casino	136.9M
Dead by Daylight	115.4M
Tom Clancy's Rainbow Six: Siege	112.6M
Minecraft	107.4M
World of Tanks (WoT)	106.9M

Table 2: Top 15 Games by Live Non-eSports Hours Watched on Twitch & YouTube 2018 (Newzoo,2019)

On closer inspection, eSports has different styles and characteristics and is mainly composed for competition on PC's or consoles (Scharkow *et al*., 2015). Besides this differentiation, connoisseurs distinguish between the following main game genres[7]: First-Person Shooter (FPS), Multiplayer Online Battle Arena (MOBA), Real-Time Strategy (RTS), Massively Multiplayer Online (MMO), Massively Multiplayer Online Role-Playing Game (MMORPG), Battle Royale, Fighting Games, Digital Collectible Card Games and Sports Simulations (Sjöblom *et al*., 2017; Mendoza, 2019 a; Mendoza, 2019 b). The most watched games of Twitch and YouTube, can be sorted according to these genres, as depicted in Table 3.

[7] Annex D

Genre	**Games**
FPS	CS:GO, Overwatch, Rainbow Six: Siege, CoD
MOBA/RTS	LoL, Dota 2, HotS; StarCraft II
MMO/MMORPG	LoL, WoW
Battle Royale	Fortnite, PUBG
Fighting Games	Street Fighter V
Digital Collectable Card Game	Hearthstone, MTG
Sports Simulation	Rocket League

Table 3: Most Watched Games on Twitch & YouTube and the Corresponding Genres (Mendoza, 2019 a; Mendoza 2019 b; Heroes of the Storm, 2020; Call of Duty League, 2020)

Corresponding to the above sorting, FPS, MOBA, RTS and Battle Royale games are the favored game genres to be watched on streaming platforms. Titles, such as FIFA, Apex or Honourable Mentions are further games that have not made it to the top 15 list but are unquestionably among the most successful eSports games and stand out against the several hundreds of games existing (James, 2020).

Events

Not only games and game related contents demonstrate considerable numbers in previous years. Likewise, on-site events have been experiencing a tremendous growth in spectator numbers, prize money values and revenues (Jenny *et al*., 2018; Takahashi, 2020a).

Even though the industry is thriving, eSports is still in a rather early stage of development. One main factor of the rapid growth can be attributed to eSports on-site events (James, 2020). eSports events create holistic experiences for fans by entertaining and bringing together people with the same interests. Moreover, events positively contribute to social cohesion and economics of the eSports universe, by generating earnings through an offline alternative to the numerous online offers available (Jenny *et al*., 2018). Target audiences may vary due to different spectator motives, which need to be considered when hosting eSports events, on site, but it is certain that among the plenty events accessible, specific events by certain organizers stand out (Neus *et al*., 2019). Based on range, maturity and rate of success, the main event organizers are depicted in the table below (see: Table 4).

Event Organizer	**Information**
ESL Gaming	ESL Gaming is the principle player worldwide. With offices all over the globe and as part of the Modern Times Group, they are an integrated company for hosting and operating a large number of the most successful eSports events. Currently ESL Gaming is the largest eSports platform leading the eSports sector, while being among the two biggest eSports-related firms, broadcasting content on the streaming platform Twitch. At present, the company coordinates and runs tournaments and events for each paramount discipline (except for LoL) in eSports.
Major League Gaming	Founded in 2002, Major League Gaming (MLG) has presented an impressive start and has established itself as one of the leading eSports companies today. MLG's success story did not stay unnoticed. In 2016, the video game publisher Activision Blizzard bought MLG. Since then MLG is responsible for Blizzard's contents and a large number of tournaments. Competitions, such as CoD League, Overwatch World Cup & League, the Blizz Con, as well as StarCraft II World Championship Series and Hearthstone Grandmasters can be streamed on MLG.
Dreamhack	Dreamhack is the most hybrid actor among the eSports organizers and has acquired its standing as one of the best event hosts by its experience and ongoing forerunner position. Dreamhack covers events from LAN parties to exhibitions and tournaments. Almost all of top eSports games are played on events by Dreamhack. As much as in ESL, The Modern Times Group has large shares in the company Dreamhack.
Riot Games	Riot Games is not only the founder of the more than successful game LoL but has further made itself a name by hosting some of the most successful events in eSports. Moreover, the firm hosts events in momentous venues that impress by size and history. On top of that, Riot Games is the most successful eSports company on Twitch and captivate the industry due to its innovation and constancy.

Table 4: Top eSports Event Organizers (James, 2020; ESL Gaming, 2020 b; Modern Times Group, 2019)

Although, events form a major pillar in the eSports ecosystem, in 2020 the industry had been facing a severe complication. Because of the COVID-19 pandemic, from one day to another all eSports events had to be canceled or postponed with the goal to hinder the spread of the Coronavirus. Due to social distancing policies by governments worldwide, outages of numerous events had to be enforced, leaving the industry with a yet unclear, but predicted gap in revenues (Hayward, 2020; Modern Times Group, 2019). On the other hand, an enormous increase in spectator numbers on streaming platforms could be detected. Solely, on the streaming platform Twitch, spectator numbers have advanced by nearly 70% from around 1.2 billion spectators in December 2019 to around 2 billion spectators in April 2020 (Sponsors, 2020).

Leagues

When regarding the structures of leagues and tournaments in eSports, it quickly becomes clear that the architecture is more complex than in conventional sports. In classic sports a league, together with the rules to execute a competition on common ground, is formed and organized by several stakeholders. By implication, leagues in traditional sports are in charge of contracts with athletes, media rights, and all sports-management related affairs. By reason of the effort and duration that comes with the development of a game, games performed at eSports venues or online, are owned by the publishers or developers of the respective games. Policies and regulations of a game are created and implemented by the game developers themselves. Moreover, they hold the rights on a game; a fact that is inconceivable in ambience of traditional sports. Thus, it makes it a difficult endeavor to find common ground in eSports disciplines, because of its difficulty to apply coherent rules and regulations (Ghoshal, 2019).

2.1.3 Motivations & Audiences

Even though, at the instance of their goals, Emma Johnson and her team focus primarily on professional gaming, it should be mentioned that competitions with non-professional players shape a market by their own. The market builds a powerful branch that bears its own famous superstars (e.g., Ninja, Noway4u). It is undeniable that an imbrication among fans can be recognized due to the vague confines of reviews, broadcasts, podcasts and live streaming. Renown broadcasters with non-professional backgrounds have found a way to enter the professional-level competitions, bringing along their loyal fans. At the current state, the two markets have to be distinguished due to their different business models. Nevertheless, prior opens up new possibilities for the eSports environment. As a result of those mixed events, fans of non-professional gaming come into contact with eSports contents, gamers and communities. In turn, an immense figure of potential eSports enthusiasts is created. This can have a major impact on the currently viewed content proportion on streaming platforms (Newzoo, 2019).

Motivations

In any case, broadcasting and streaming play a major role in the scope of eSports (Sjöblom & Hamari, 2017; Deloitte Insights, 2019). Afore mentioned becomes further apparent by the results of a focus group that was conducted in coherence of this case study, in which eight male respondents with gaming background, express their special interest in watching the performance of other gamers. They prefer online platforms, namely Twitch and YouTube; only occasionally they stream on Facebook and Mixer.[8] Gamers, playing and being watched by enthusiasts on those platforms, often gain financial support by their community. Reasons for why fans fund their favourite gamers, can be the emotional connection or the admiration for the gamer's skills. Moreover in-game purchases are higher among gamers, who watch players on streaming platforms. Further, the likelihood of purchasing in-game items increases by the number of hours streamed (Wohn & Freeman, 2019). In other words, streamers and their communities have a high influence on fans and their purchase behaviour (Facebook Gaming, 2019).

Additionally, the participants of the focus group explain that entertainment, the chance to learn from other gamer's skills, and the possibility to meet like-minded people, with whom they can share their passion over a concrete game and with a sympathetic broadcaster as moderator, draws their attention to broadcasting and streaming platforms. The participants further believe that bringing people with the same interests together over a shared experience in a gaming environment, is the main strength of eSports events. Besides a clear focus on entertainment and the excitement of seeing top players tackle certain challenges at highest level, respondents declare that fans are enthusiastic by the idea of exchanging their knowledge and fascination on games and gamers. Even the possibility of gaining new friendships at an event is considered as one of the advantages of eSports by the focus group members. Cheering for and the perceived feeling of meeting their idols at venues, together with the respective atmosphere in the arena, is another motivational driver for purchasing an event ticket. Furthermore, the focus group agreed upon the positive impact of being part of a select group, which understands the complexity of a certain game. Nevertheless, it is important to consider that fans favor certain games and that the games played at the venue have a great impact on the fans' intention to visit an event. Additionally, location of a venue, teams and particularly players participating, atmosphere in the community of a certain game,

[8] Annexes E-F

as well as the availability of like-minded company, influence the purchase behavior of a fan. Lastly, the fact that enthusiasts may not feel comfortable in large crowds, find the tickets too expensive or do not see the added value of an event, compared to the streaming offers available from home, have an impact on the ticket purchasing behavior of consumers.[9]

Although, they share several motivations, the target audiences of streaming platforms and on-site events cannot be compared entirely. In order to draw consumers to events or streaming platforms, companies have to focus on the differences in spectator motivations (Neus *et al*., 2019). Both audiences seek for information on games and players, like to watch games for relaxation, while escaping from everyday lives, the feeling of unity, and social involvement (Pizzo *et al*., 2018). While the streaming audience particularly enjoys watching for reasons of learning new skills or expanding existing ones, the on-site audience advocates excitement and turmoil that comes with the atmosphere at an event (Sjöblom & Hamari, 2017; Pizzo *et al*., 2018).

Audiences: Facts & Figures

With 335 million eSports fans in 2017 and a predicted global eSports audience of 644 million until 2022, the eSports audience is expected to double within the time frame of only five years (see: Figure 2). Whereas 2017 counted 143 million enthusiasts and 192 million occasional viewers, the outcome for 2022 is envisioned to branch out in 297 million eSports enthusiasts and 347 million occasional viewers (Newzoo, 2019).

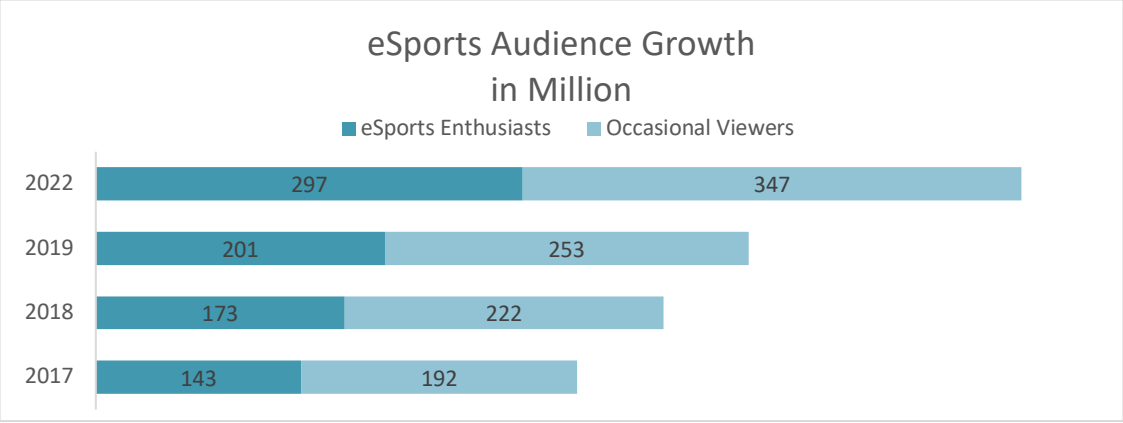


Figure 2: eSports Audience Growth in Million (Newzoo, 2019)

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The great potential of the consumer sector becomes further obvious, when comparing eSports to conventional sports. At a closer glance, a great chance that customer engagement can be leveraged when consumers are supplied with the right products and services, becomes obvious. With the right merchandise, cost-related streaming subscriptions, on-site events and similar, the per capita fan value of currently roughly 5.45 US Dollars may hit the roof. The below figures (Figure 3 & 4) demonstrate what will happen, if eSports was monetized with the financial means of different conventional sports (Modern Times Group, 2019).

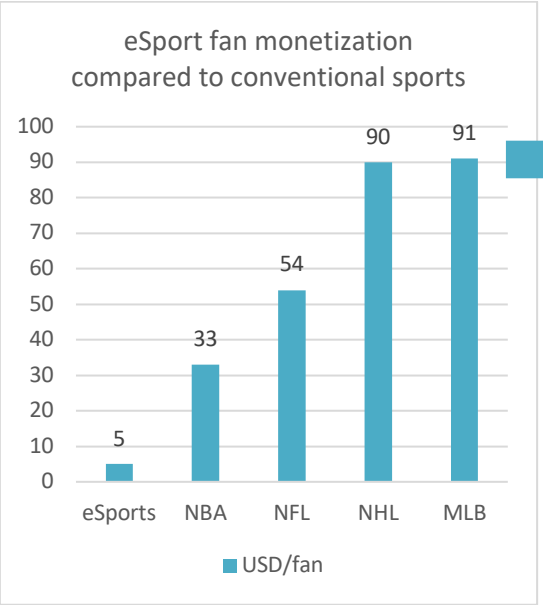


Figure 4: eSport Fan Monetization Compared to Conventional Sports (Modern Times Group, 2019)

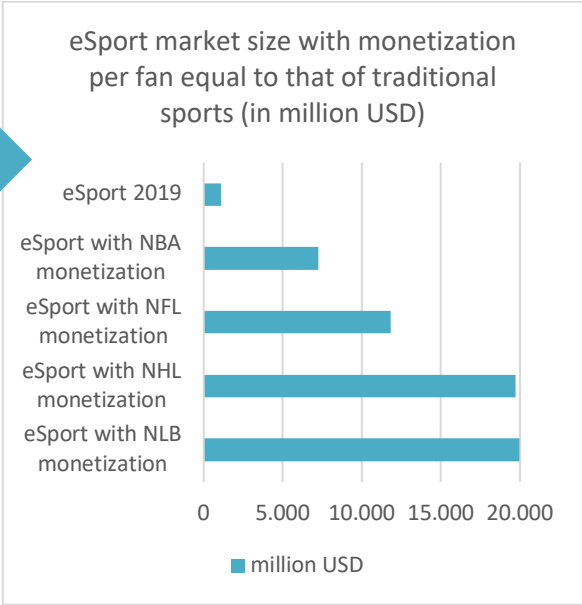


Figure 3: eSport Market Size with Monetization per Fan Equal to That of Traditional Sports (in Million USD) (Modern Times Group, 2019)

Due to the many different consumer groups and markets prevailing in eSports, as well as only little information on the distinction of such, a holistic and comprehensive categorization of the average eSports spectator cannot be defined by the current state. Thus, Emma Johnson assigns her team to collect general data with the aim to understand the target audience that is relevant for the scope of their venture. According to the collected information and ESL Gaming's CEO Ralf Reichert, it is safe to say that the eSports audience can be characterized as a sophisticated community with above-average income and great knowledge about the internet and technologies (Online Marketing Rockstars, 2018). In fact, studies have found out that around 75% of eSports fans work in a full-time position and 60% have above-average incomes (Modern Times Group, 2019). Due to the shift from a niche market to a mainstream business, which could already be monitored throughout the last years, but not least by means of the consequences of the Coronavirus disease in 2020, the

target audience's demographics are likewise expected to shift to broader figures, as they are known from other industries that target young consumers (Online Marketing Rockstars, 2018; Takahashi, 2020 b). With regards to the age groups in eSports audiences, a differentiation based on the different games has to be made (Online Marketing Rockstars, 2018). Some sources state that the average eSports enthusiast in professional gaming is in its early 30's (e.g., Modern Times Group, 2019). According to the majority of sources, however, one can say that the core eSports fan is between 16 and 35 years old (Online Marketing Rockstars, 2018; ESL Gaming, 2020 d). Due to a young target group, mainly composed of male millennials and younger, the consumption behavior contrasts fans of older age groups. Lively engagement and a high degree of action and excitement are in the core of the target market's demands (Van den Heuvel, 2016). In the US, for instance, 69% of the male millennial gamers interact in games on their consoles, preferably playing Action, Shooter and Sports Games. Two third of the male millennial gamers favor to play together with their friends. Among female millennial gamers, almost 70% play games on their phones (The Entertainment Software Association, 2019). Additionally, and facilitated by their internet and technology affinity, eSports fans are highly international (Online Marketing Rockstars, 2018).

2.1.4 Trends & Forecasts

As a last external component, Emma Johnson exposes to her team the importance of understanding current trends, and those that will have an impact on the future of eSports. She explains to her colleagues that innovation is the groundwork of economic advancement, and therefore important for their undertaking (Beaver & Prince, 2002). On a grand scale it has been demonstrated by studies that the majority of all economic growth can be attributed to technological progress based on innovation, and not necessarily by an increase in the productivity of personnel (Freeman & Soete, 1997). Due to its digital naturelle and young consumers, it is clear that innovation based on technology, plays a central role in the advancement of eSports. The indicated makes it inevitable for eSports and gaming companies to cope with novelties and to evaluate which forecasts are important and truly make it to execution (Online Marketing Rockstars, 2018). Cohesively, Emma has extracted the most influential innovations that will play a major role in the further existence of eSports:

eSports Platforms War & Shifting Content Paradigm

In recent years, the industry has experienced a vast momentum. However, out of fear to lose their growth velocity in the years to come, eSports companies now start to take care of their values as a brand (Newzoo, 2019). Acquiring new customers without the help of a strong brand is incredibly difficult and expensive in today's world. Through high prices in online bidding and influencing companies, such as Google and Facebook, that are in power of price changes, firms today are majorly concerned with creating relevant content for their fans, that touches them emotionally (Newzoo, 2019; SPOBIS Gaming & Media, 2019). Customers are highly demanding and expect products and services that are not only concerned with creating added value for the customer but further provide at least the same quality to what the consumers are used from competing offerings (SPOBIS Gaming & Media, 2019). Furthermore, firms should be aware that today's young consumers demand for Corporate Social Responsibility (CSR) and resource efficiency (Terbeck, 2014). Only, if brands manage to build a relationship with their community, will they be able to grow their fan base and be interesting enough for potential investors and partners. Hence, exclusive content that builds up stories around teams, leagues and events, as well as specific cooperation with sponsoring brands for each team, are imminently important for the existence of the industry, now and even more in the future (Newzoo, 2019).

Media Engagement

Due to market growth and the trend of franchise leagues, mainly known from northern American sports leagues (such as NBA and NFL), online media have started to save media rights on eSports content. Hence, a tremendous awareness increase can be expected through publicity on VoD platforms, such as Netflix or other related communication channels. Through this, a substantial growth in spectator numbers as well as in total revenue can be awaited in the future (Deloitte Insights, 2019).

Betting

While betting around eSports was of only little concern a few years back, it has experienced an upsurge since 2018, when betting laws in the USA were loosened. Certain areas in the USA obtained permissions to place bets on certain sports. Herewith eSports was considered as a form of sport, making betting on eSports a fast-growing trend ever since.

Betting companies progressively enter sponsorship contracts with teams. This way they secure their share in this prospering field, which increasingly reflects the success of conventional sports. Notably successful are bets on fantasy drafting, which encourages betting companies to develop and offer more live betting in the future. Thus, future eSports can hardly be imagined without betting (Newzoo, 2019).

Audience Evolution

Whereas in the past consumers used to be receivers of brands' information solely, consumers today are receiver of information as well as information producers for other consumers. A great influence in this context comes from the emergence of the social media trend. Social media platforms are highly interactive, and consumers have developed new relationships with brands by becoming active participants in the communication with the brand and other consumers (Labrecque, 2014). Additionally, specialists are prophesising a rapid surge of audiences through the ascending interest and offers in mobile games, opening up possibilities for people without above-average incomes to be part of the gaming phenomenon. According to industry experts, mobile games will be a complete game-changer for the sector (Online Marketing Rockstars, 2018). Furthermore, inflows of young, internet-affine people growing up to new eSports fans will depict a great increase in viewership (Newzoo, 2019). Besides the growing Chinese, North American and European markets, further markets, such as Latin America and the Middle East, will grow to influential size (Deloitte Insights, 2019; Newzoo, 2019). Lastly, the male dominated viewership of eSports will win large numbers of female spectators, as current trends and research on this field imply (Pizzo *et al*., 2018).

Merging Online & Offline

Of course, eSports, as it is known today, is a domain that cannot exist without the internet. Nevertheless, eSport has its origin in LAN parties and other gatherings that were substantially of offline nature. The acceleration of eSports and the internet were the reason for the initiation of online communities, streaming platforms, and similar. Yet, a paradoxical trend has emerged and only recently, in 2019, inflated, bringing players back together physically in order to watch matches together, or to play and interact with each other in bars and other locations that are converted to eSports venues. Engagement amongst fans and with

brands, as well as awareness are predicted to rise. Moreover, great events, academies, hotels and other eSports venues, draw fans from all over the globe to destinations in charge (Newzoo, 2019). This underlines the fact that consumers are more and more connecting online and offline channels when consuming or searching for products and services. Consumers today merge multiple channels and merge business environments to one omni-business environment (Cortiñas *et al.*, 2019). Due to new technologies and platforms in the digital environment and the resulting possibility to reach customers wherever and whenever, online companies now profit from prospects such as persistency, interaction, omnichannel, the personalization of contents and offers, as well as the possibility to give personality to products and services (Steinhoff *et al*., 2019).

2.2 ESL Gaming GmbH

While researching, Emma Johnson's team found out that today Ralf Reichert, Co-founder and CEO of ESL Gaming is talked about as the Bernie Ecclestone of eSports. This was not always the case. The path for earning this title has been a path of trial and tribulation. When Ralf Reichert, together with his two brothers, founded the German company Turtle Entertainment GmbH in 2000 and launched the Electronic Sports League, eSports was still a mite market. Ralf, his brothers and friends were passionate gamers themselves, playing in an eSports-team amongst the best players worldwide. Due to the market size, competition was critically smaller at the time, but the elements of eSports, as it is known today, were already apparent: Team play, spectators, action, a winner, a loser. Now, the company is listed as leading and among the most powerful platforms in eSports (Westermeyer, 2017).



Image 3: CEO Ralf Reichert (ESL Gaming, 2020 e)

2.2.1 History

Making use of their faith in the potential of video games to become the leading entertainment medium in the future, the three brothers started their company with the goal to develop and implement an international Ladder and League System for a large number of different games. Additionally, it was their desire to create a 'cool' stage for young gamers.

They had the aim that gamers should be celebrated as athletes, other than being talked down as nerds. The brothers are proud to say that they have played a significant role in the change of minds, so that gamers today are not stigmatized as such anymore (Westermeyer, 2017).

At the beginning, things were developing much slower than Ralf and his brothers had hoped for. They spent many years with the feeling of not knowing, whether they are going to be successful. Yet, nowadays it is rather the opposite; the industry is booming and with this their revenues (Westermeyer, 2017). Two years after originating Turtle Entertainment GmbH, the company started the Electronic Sports League Pro Series, which is known as ESL Championship today. Moreover, the first Intel Friday Night Games were hosted in Cologne, Germany, in the same year. In 2005, the company almost reached the one million-member mark in the European Sports League, ran on TV for the first time and implemented a system that was supposed to prevent gamers from cheating when playing in the leagues. Meanwhile they opened their first office in France and had their first stand at the Games Convention. In 2006, the Intel Friday Night Game in Oberhausen, Germany, was the most watched eSports event at this time. Nevertheless, the event only counted 750 spectators. Two years later, the company accounts two million members and opens up additional divisions in the United Kingdom, Scandinavia, Poland and the USA. In 2009 the numbers climbed up to 2.5 million members; In 2010, they counted already three million members. The year 2012 crossed the four million-member-mark and branches in Australia and Baltics joined the existent divisions. Soon, the company operated events on six continents (ESL Gaming, 2020 c).

Finally, Ralf Reichert decided that it was time to reconsider the company's shareholder structure. As the company grew, it became increasingly difficult to find common ground with all shareholders involved that onboarded in the early days, funding the evolution of Turtle Entertainment. In order to increase the company's growth and extent the its international nature, which is based in the industry's internet-origin and the internationality of the audience, the company had to advance its decision-making-processes and required significant financial funding. Hence, in 2015, Turtle Entertainment was taken over by the Swedish Modern Times Group, rendering Ralf Reichert as second largest shareholder, as well as CEO, and giving him the opportunity to finally assemble the company for a joint goal. Further, the company decided to enforce a rebranding, changing their name to ESL Gaming (Online Marketing Rockstars, 2018).

Turtle Entertainment by its very nature was established as an umbrella company, offering game server rental, programming and an online content magazine. Throughout the years, however, the core business had shifted away from Turtle Entertainment and set its focus predominantly on the Electronic Sports League that was launched simultaneously as a daughter of Turtle Entertainment. ESL Gaming today is the corporation that manifested its brand value amidst the company's fans, producing game competition related content, on a local, regional and international scale (Westermeyer, 2017; Online Marketing Rockstars, 2018). Only shortly after the rebranding, the ESL One Frankfurt managed to turn into the first mega event in Germany, taking place in a soccer stadium. One year later, the ESL One Cologne already accounted 27 million viewers online and for the first time a prize money of one million US Dollars was published for the ESL Pro League. Soon, the ESL One Cologne followed its forerunner in Frankfurt with sold out halls, hosting 14,000 spectators each day on a three-day-event. Additionally, in 2016 the ESL Pro League counts 74 million impressions, taking Facebook and Twitter into account (ESL Gaming, 2020 c). Throughout this time, the ESL One Cologne, taking place in Germany's largest indoor arena, accomplished to sell out all 15,000 tickets for the fourth time in a row (2016-2019). Only recently, the company invested another large figure into the evolution of their master brand with the goal to carry on with their success story (ESL Gaming, 2020 c).

2.2.2 Business Model & Strategy

With their purpose to *"create a world where everybody can be somebody,* (ESL Gaming, 2020 b) ESL Gaming aims for establishing an eSports universe in which every fan has a voice, a movement where anybody can come in and where every player can experience the thrill of victory (ESL Gaming, 2020 d). The mission of the company is to *"build the most amazing stages where the players are celebrated as stars of their generation, create legendary eSports moments for [their] fans and connect them to [the company's] partners"* (ESL, 2019: 3). With their vision to *"make esports the largest & most attractive sport in the world"* (ESL, 2019: 3), the company wants to continually *"push the boundaries [and] create more opportunity for progression and participation than any other sport"* (ESL Gaming, 2020 d). This goal they want to achieve through the creation of ecosystems in eSports that follow a *"from zero to hero and local to global"* (ESL, 2019: 3) approach (ESL, 2019). The enterprise, situated in Cologne, Germany, is among the most powerful platforms in eSports and the favored company for fans, gamers, publishers and associates (Modern Times Group,

2017). Due to its seniority, as well as offer diversity, ESL Gaming has had only little direct competition (Westermeyer, 2017). In the age group from 20 to 30, the firm has a market share of 34%. Other than alternative companies, ESL Gaming complements its business-to-customer (B2C) business with business-to-business (B2B) offerings to a multitude of players in the eSports universe (ESL, 2019).

One of the services ESL Gaming has been focusing on most throughout the last years, are owned and operated products/services (O&O). Operated eSports services can be tournaments and events that are organized and hosted by ESL Gaming but initiated by virtue of partners from the game publisher industry. Complementary, ESL Gaming hosts events, tournaments and platforms that are owned/co-owned by the company itself. Its value proposition is its attractivity for brands, which has been resulting in great brand sponsorships and high-profile partnerships. Due to the wide publisher portfolio of the firm, brands are attracted and aim for investing in events that are hosted or operated by ESL Gaming. For brands it is an advantage not to be bound to one single game or publisher (The Nielsen Company, 2019). In the last years, ESL Gaming has been investing large figures in owned and operated products, leading to a rapid growth in revenues (Modern Times Group, 2017).

Now, that the above has proven to be successful, ESL Gaming likewise intends the advancement of their audience without being negligent of the further development of revenue growth. By investing into their community, ESL Gaming expects closer relationships with their consumers, which lead to an increase in enquiries from brand and media partners and a very powerful standing for the company in the eSports industry (ESL, 2019). Herewith, their consumers are considered as one of five main elements in their holistic business model (Table 5) (ESL, 2019).

eSports Ecosystems	Fans, Players and Teams	Game Publishers	Brand Partnerships	Media Partners
Opportunity creation for new game verticals by structuring game pyramids in order to become holistic ecosystems	Platform development, which adds value to fans and players with focus on community, game hubs & game features. Drawing best eSports teams	Consulting game publishers and offer solutions in order to advance the eSports sector	Reach brand partnerships to an extent that copes with partnerships known from traditional sports	Attraction of mass market audiences with new entertainment, content and distribution formats

Table 5: ESL's Growth Engine (ESL, 2019)

Consolidating the entire array of eSports opportunities under the roof of one brand, ESL Gaming is the industry's *"Ecosystem Brand"* (Modern Times Group, 2017: 7) that *"plays an industry long term game"* (Modern Times Group, 2017: 7) in its position as such. As a first element of their strategy, the firm aims attention at the development of eSports ecosystems. The idea of an ecosystem is based on a pyramid system, starting with tournaments for casual gamers at the bottom and legendary tournaments for the best of the best players at the top (Modern Times Group, 2017). The enterprise achieves this goal by growing new game verticals. More precisely, games are added to basic ecosystems, an integral structure is developed, and product advancement needs to be pressed forward. Finally, in order to complete the development of a successful ecosystem, O&O services round off the improvement of initial gaming environments (ESL, 2019).

Th second element of the company's business model deals with the establishment and development of platforms for gamers, fans and eSports teams (ESL, 2019). With their online platform 'ESL Play', by way of example, the firm provides their consumers with a ladder and tournament platform that is accessible from any device, anywhere and by anyone who wants to compete in gaming; from amateur to professional player. With about 10 million members, around 122.000 tournaments played, and roughly 5 million Euro prize money disbursed, the success of the product is not only acknowledged among fans and players, but also by the top teams of the industry (ESL Play, 2020; ESL, 2019). 100% of the best performing eSports teams compete in events hosted or organized by ESL Gaming (ESL, 2019). Furthermore, the enterprise fosters eSports by contributing to mega events, leagues and content creation (Modern Times Group, 2017; ESL, 2019). With services, such as the company's own VoD platform, called 'ESL VOD', the 'ESL Forum', 'ESL News', 'ESL Shop' and 'ESL Ticket' sites, the company offers a wide range of relevant contents for their audience that summons the community to follow a *"Play – Watch – Learn – Engage"* (ESL, 2019: 14) approach (ESL, 2019). Besides, game hubs have been selected according to the preferences of the consumer and complemented by contents that are connected to their favorite games. Beneficial to their goal to continuously grow, ESL Gaming constantly invests in R&D in order to detect and uncover new eSports disciplines and with this has managed to keep its pioneer standing in the industry so far, as well as to stay ahead of competitors (ESL, 2019).

In order to contribute to the growth of the entire eSports universe, ESL Gaming consents to partner up with game publishers and to share their knowledge with them. By providing

successful game solutions, including the development of a strategy, league and tournament activities, project and product management, as well as content production for TV and broadcasting, ESL Gaming has managed to have more than 40 games licensed and become long-term partners with publishers (ESL, 2019).

Moreover, brand partnerships build a major pillar in the growth engine of ESL Gaming. It is important for the company to stay attractive for brand investors in order to keep up the great pace of growth and to stay competitive against rivaling industry players. So far, brand investors have been drawn by a high consumer-profile. With their high market share in the age group 20 to 30, more than 550.000 live visitors at events hosted or organized by ESL Gaming in 2018, and more than 240 million online fans in 2018, ESL Gaming provides an adequate groundwork for fruitful brand partnerships. Furthermore, 54% of ESL's audience is between 21 to 35 years old and highly international. More than 70% of their total audience is male and earns an above-average income. The audience is internet affine and has good technological knowledge. Therewith, the company has managed to become attractive for great brand investors, such as Bitburger, Mercedes, Coca Cola or FIFA to name but a few. Numbers prove their success. 38% of the visitors, for instance, purchase products from brands displayed at events by ESL Gaming (ESL, 2019; Online Marketing Rockstars, 2018). The goal of the company is to reach similar brand investment achievements, as they are known from traditional sports.

The final component of ESL Gaming's business model focuses on innovative formats that are relevant for existing target audiences and growing mainstream audiences. Following the slowly emerging trend that eSports is more and more becoming a local act, ESL Gaming prepares for more local media distribution in order to reach their community (ESL, 2019). Beside the company's global video streaming and social media channels Facebook, Instagram, Twitter, YouTube, Twitch and TikTok, ESL concentrates on media partnerships in the areas of local video streaming and local, as well as global conventional TV distribution for reaching their target market (ESL Gaming, 2020 d; ESL, 2019). Among the most important media partners for ESL Gaming are the streaming platforms Twitch, YouTube, Disney and TV channels (ESL, 2019).

2.3 Problem Summary

With collecting all the information her team has gathered, Emma Johnson realizes that brand management and the creation of relationships with customers are of utmost importance for the future of eSports, but particularly the company ESL Gaming. As new companies are increasingly flooding the rapidly growing market, pioneer companies such as ESL Gaming have to be wary of rising competition and new emerging trends. In order to keep their leading position in the market, and beyond that become the world's most powerful brand sustained by the most loyal customers, Emma Johnson and her team are compelled to develop marketing strategies that enhance customer engagement and customer retention.

If Emma Johnson and her team manage to build and extend a sustainable competitive advantage, an increase in customer numbers and revenues, as well as a decrease in costs will be the outcome. Simultaneously, ESL Gaming becomes more valuable for brand investors, who play a role of crucial importance for the advancement of the company's growth.

2.4 Case Study Questions (Q)

Taking into account the information given in the case study and incorporating the support of information from additional internet sources, the target audience of this case study is requested to answer the following questions:

Q1: Considering the given data, prepare an external analysis of the company ESL Gaming.

Q2: Run an internal analysis based on the current fundamentals, demands & potentials of ESL Gaming.

Q3: Based on the results from Q1 & Q2, develop a dynamic SWOT analysis and extract conclusions on the goals and objectives for ESL Gaming.

Q4: Consider all elements of customer engagement and develop recommendations for a B2C customer engagement strategy that helps ESL Gaming to retain its strong market position and to become the world's most powerful company in eSports.

2.5 Annexes

Annex A : eSports Revenue Streams – In Million US Dollars 2019

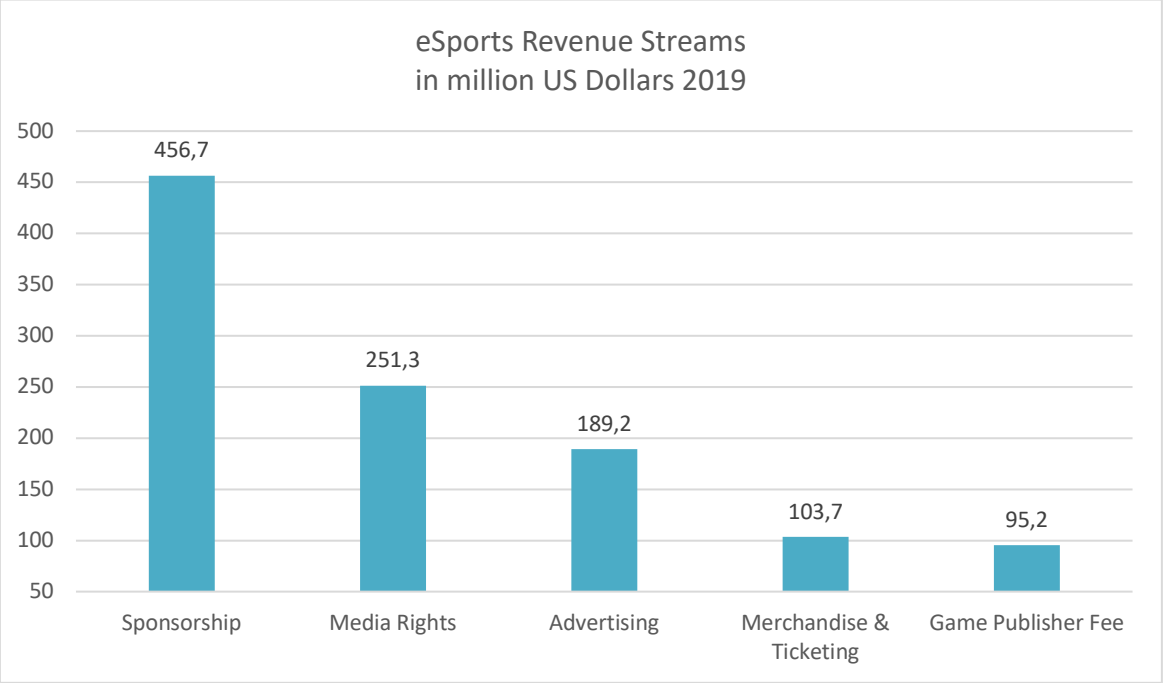


Figure 5: eSports Revenue Streams in Million US Dollars (Newzoo, 2019)

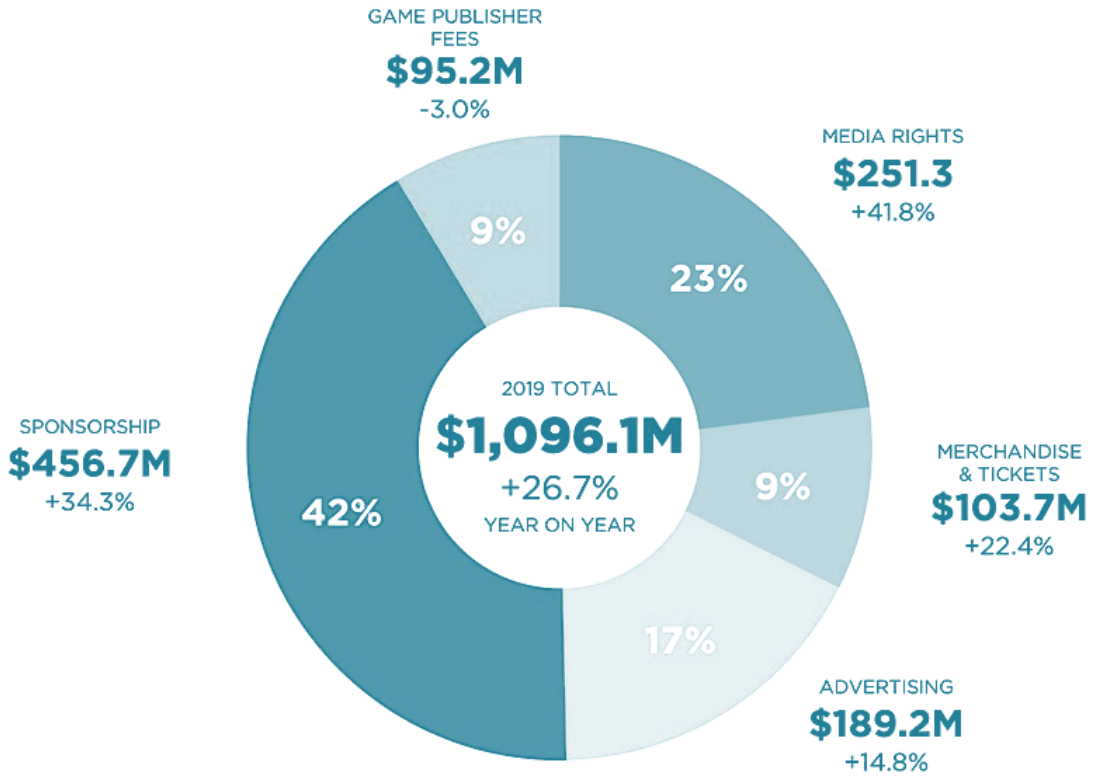


Image 4: eSports Revenue Streams in Million US Dollars (Newzoo, 2019)

Annex B : eSports Revenue Streams – In Million US Dollars 2020

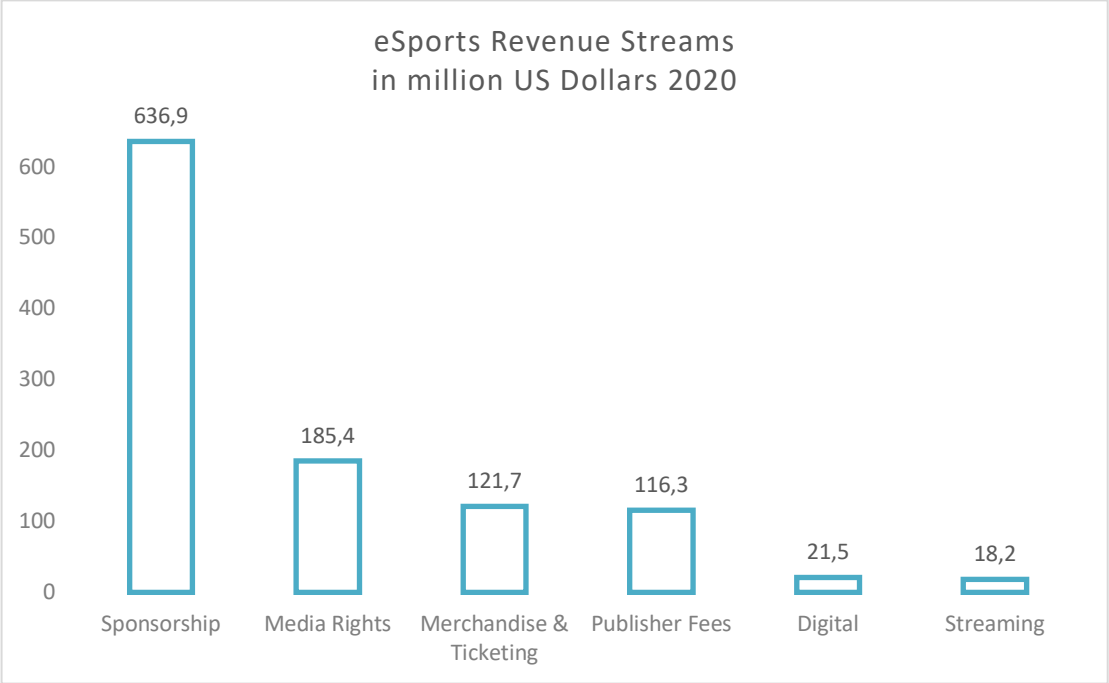


Figure 6: eSports Revenue Streams in Million US Dollars (Newzoo, 2020)

Annex C : World Economic Outlook – Gross Domestic Product, Current Prices & Outlook

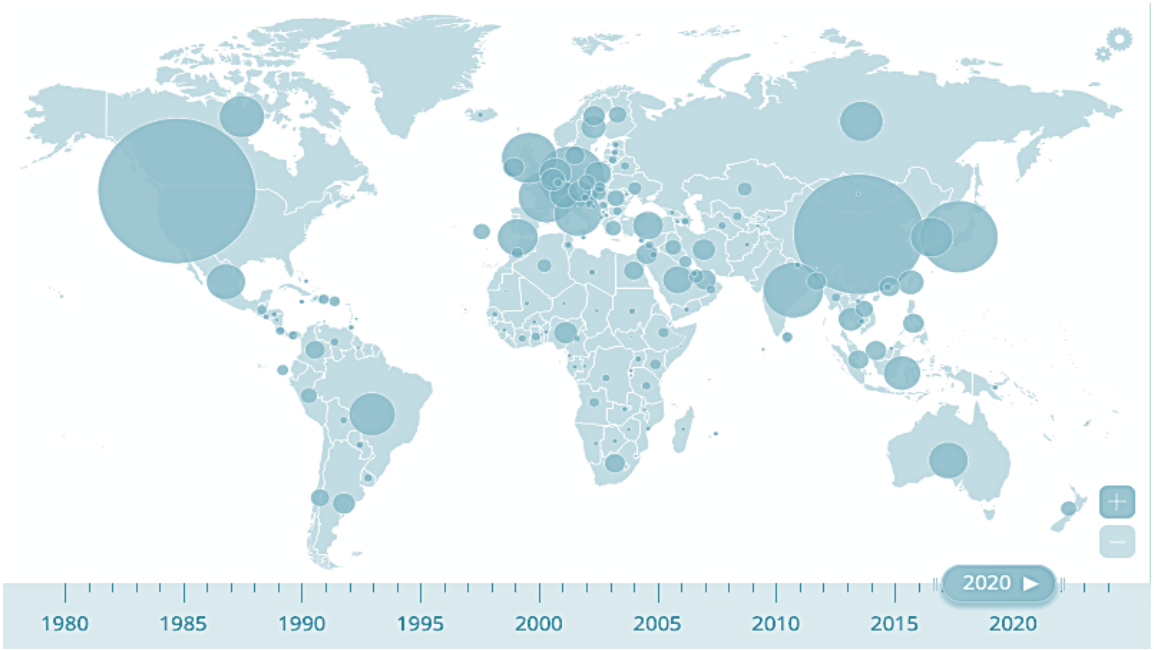


Figure 7: GDP, Current Prices (International Money Fund, 2020)

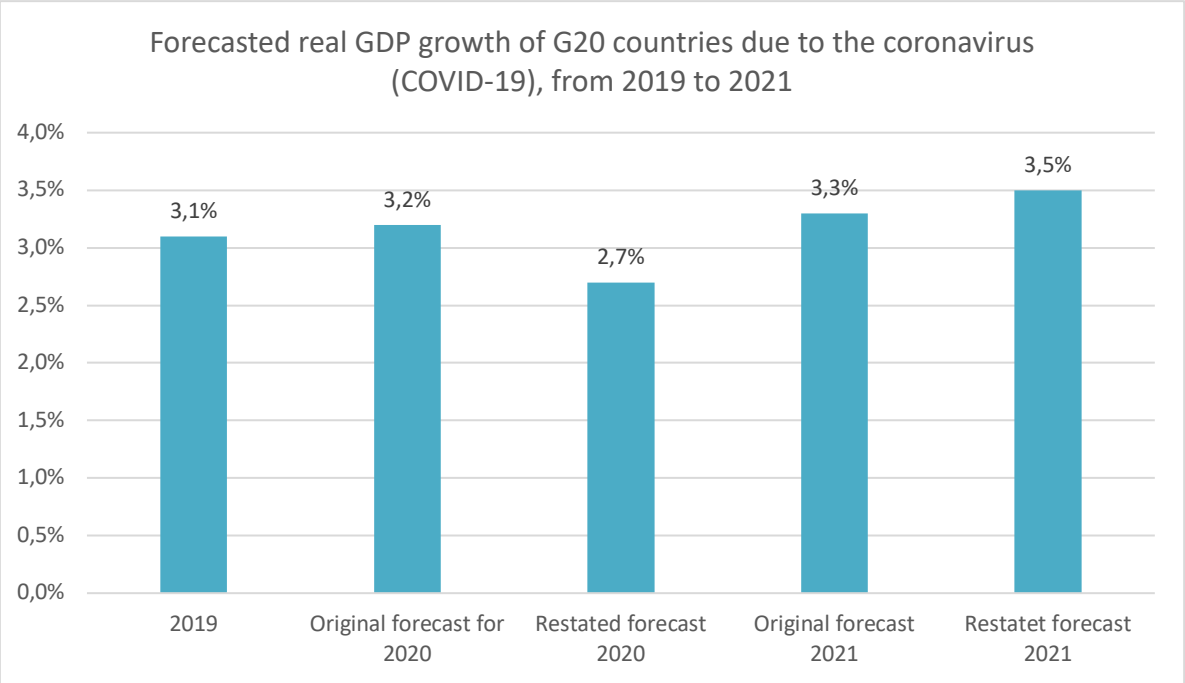


Figure 8: Forecasted Real Gross Domestic Product (GDP) Growth of G20 Countries Due to the Coronavirus (COVID-19), From 2019 to 2021 (Statista, 2020 a)

Annex D : Explaining eSports Genres

Genre	**Explanation**
FPS	In FPS games the player moves through the game and fights from a first-person viewpoint.
MOBA/RTS	RTS was the first genre. As strategy games have become more complex over the years, MOBA games were introduced. The aim of the game is to demolish the enemy team's home base in a 5 against 5 players-game.
MMO/MMORPG	In MMO games, many gamers play one game simultaneously. Gamers usually compete with and against a large number of other gamers (>100 players). MMORPG is a subsequent genre, in which a large number of players participate in a role play.
Battle Royale	Battle Royale is the name for games, in which the gamer's character starts off with nothing. During the game, the gamer collects items & equipment and fights against every player on the field.
Fighting Games	Usually, fighting games are 1-on1- games, in which a character fights another with the goal to defeat the opposite player.
Digital Collectable Card Games (DCCG)	In DCCG, the aim is to build up a collectable cards deck and to play against another player, making use of the individual strengths of the card decks.
Sports Simulation	Sports simulation games are oriented towards conventional sports. The player builds up a team and competes against other player's teams.

Table 6: Explaining eSports Genres (Mendoza 2019 a; Lis, 2016; Mendoza, 2019 b)

Annex E : Focus Group Questionnaire "Research on Engagement Determinants for eSports" – German Original

Fokusgruppe

Freitag, 17.01.2020 von Datum von 20 Uhr bis 21 Uhr

Teilnehmer (R): 8

Moderator & Protokollführer: Carolin Kirchfeld

Eröffnung durch Moderator (M):

Hallo alle zusammen! Zuerst einmal, vielen herzlichen Dank, dass ihr heute Teil der Fokusgruppe seid. Das Ganze wird heute so ablaufen, dass ich euch bitten würde miteinander zu dem Thema "eSports & eSports Events" zu sprechen. Ich spiele dabei nur die observierende Rolle und bin inhaltlich nicht mit involviert in die Diskussion. Allerdings habe ich 9 Leitfragen vorbereitet, um euch immer mal wieder zurück zum Thema zu geleiten. Ich würde sagen, wir beginnen dann einfach mal mit der ersten Frage:

1. **Was fasziniert dich am Gamen?**

R5: Für mich ist es das Abschalten und fremde Welten kennenzulernen, Bespiel Magie

R2: Man kann entspannen, Leute kennenlernen, und wird mit kompetitiven Herausforderungen konfrontiert

R4: Abwechslung zum Alltag, das Erstellen eigener Fantasien und der Austausch mit weiteren Spielern...und das Entstehen von Freundschaften

R7: Ja, ganz genau, da stimme ich dir zu

R1: Die Gruppendynamik, das Miteinander, der eigene Fortschritt und Spaß daran das zu teilen

R3: Das Big Picture, Taktiken, strategische Entscheidungen, Herausforderungen auf unterschiedlichen Ebenen, Kooperation beziehungsweise Teamwork

R6: Einerseits nutze ich Computerspiele als Alternative zum "realen Leben", um mich nach Belieben neu zu erfinden - böse oder gut, realitätsnah oder fantastisch, und so weiter...Entsprechend bevorzuge ich Rollenspiele.

Andererseits lebe ich aber in Computerspielen auch meinen Wunsch nach Profilierung meiner Leistung in von mir und nicht in von anderen gesetzten Zielen aus. Dafür ist mir eine Lobby von "echten" gleichgesinnten Mitspielern wichtig, die meinen Beitrag wertschätzen können.

Diese Faszinationen kann ich am besten in einem Multiplayer-Online-Rollenspiel (konkret WoW) bedienen

R8: Ich find die Möglichkeit sich mit Menschen auf der ganzen Welt zu messen und zu verbinden gut.

2. **Guckst du gerne anderen Gamern zu?**

R4: Ja, solange man das gleiche Spiel spielt

R8: Manchmal schaue ich auch anderen Gamern zu. Zum Lernen von neuen Skills und Taktiken.

R1: Ich nur selten, also eher nicht

R3: Einzelspielern selten, Teamwettbewerbe vor allem in League of Legends gucke ich schon

R2: Ja, ich gucke gerne anderen Gamern zu

R6: Ja, ich auch!

R7: Genau wie ich

3. **Auf welchen Plattformen schaust du dir andere Gamer an?**

R7: Auf Twitch und YouTube

R1: Wenn überhaupt, dann mal YouTube und selten auch mal Twitch

R6: Auf Twitch und YouTube

R5: Twitch und YouTube

R8: YouTube

R2: Twitch, YouTube

R4: Auf Mixer und Twitch

R3: Auf YouTube, Facebook und Twitch

4. **Was ist deiner Meinung nach das, was Menschen auf Streaming Portale zieht?**

R1: 75% Unterhaltung, 25% die eigene Spielweise zu verbessern

R7: Ich würde vielleicht sagen eher 60/40 aber, ja ich sehe das ähnlich

R5: Unterhaltung

R8: Es ist sehr convenient sich entertainen zu lassen, man bekommt Unterhaltung von seiner Couch aus!

R3: Schwer zu sagen, für mich sind es Taktiken für WoW Encounter, also Video on Demand, kein Stream. Streaming nur für Wettbewerbe. Mein Einstieg in stärkeres verfolgen des LoL eSports kam durch den Einstieg des Schalke 04, wodurch ich ein Team zum sympathisieren hatte

R6: In erster Linie, um eine Lobby an Gleichgesinnten zu finden, die die gleiche Leidenschaft teilen, mit dem konkreten Spiel im Zentrum und einem sympathischen Broadcaster als Moderator

R2: Ich vermute die Unterhaltung nebenbei und auch von Profis zu lernen

R4: Es kann eine Flucht der Realität sein oder eine neue Möglichkeit ein Talent zu zeigen und damit auch Geld zu verdienen

5. **Was ist deiner Meinung nach das, was Menschen spannend daran finden auf ein eSports Event zu gehen?**

R2: Ich denke die Faszination an den jeweiligen Spielen

R4: Für mich ist es der Austausch mit Mitspielern und die Freundschaften, die entstehen können

R7: Mir würde es um die Unterhaltung gehen und darum mich mit Menschen austauschen zu können, die ähnliche Interessen haben wie ich. Ich find's aber auch spannend zu sehen, wie die Top-Spieler an die im Spiel gestellten Herausforderungen herangehen

R7: Ja, Idole anfeuern und treffen ist bestimmt auch ´ne coole Sache

R5: Ich würde sagen aus dem gleichen Grund, aus dem Menschen in ein Stadion zu einem Fußballspiel gehen: Erlebnis in der Gemeinschaft unter Seinesgleichen

R6: Ich denke, dass die Faszination zum Spiel eine große Rolle spielt, aber auch die Faszination für Wettbewerb auf höchstem Leistungsniveau; Faszination für Einzelpersonen und das Teilen der Faszination mit anderen Fans.

R1: Genau, ich schätze Gleichgesinnte Menschen zu treffen, Spaß an so einem Event und die Unterhaltung

R3: eSports ist eine Sportart, die auf mikromechanischer Ebene die physischen Grenzen des Menschen durchstößt. Es eröffnet damit ganz neue Möglichkeiten, Wettbewerb zu betreiben. Das in Verbindung damit, dass man sich selber in einem Gaming-Umfeld wohl fühlt und die Komplexität der Anforderungen versteht, macht eSports meines Erachtens spannend zu beobachten.

R8: Die Verbindung mit Gleichgesinnten, die Stimmung in der Arena und die Möglichkeit seine Idole in echt zu erleben.

6. **Warst du schon mal auf einem eSports Event? Wenn ja, auf welchem? Wenn nein, wärst du interessiert daran eines zu besuchen?**

R4: Ich leider noch nicht

R8: Nein noch nicht, ich fände es spannend mal eines zu besuchen!

R5: Ja war ich. ESL ONE ´15 ´16´ 17

R6: Achtelfinalspiel für die deutsche League of Legends-Liga auf der Gamescom. Da Twitch samt zugehörigem Chat aber die Möglichkeit gibt alle Ansprüche, also wie eben schon gesagt die Faszination an Spiel, Wettbewerb auf höchstem Leistungsniveau, für Einzelpersonen und das Teilen der Faszination mit anderen Fans, zu bedienen, würde ich weitere Spiele aber nur besuchen, wenn die Örtlichkeiten leicht zu erreichen wären und ich Gleichgesinnte finden würde, die mit mir hinwollen.

R2: Ich war noch bei keinem Event, bin aber nicht interessiert an diesen Events. Finde es nicht so spannend, lieber spiele ich selber

R1: Noch nicht, aber Interesse besteht

R3: Ja, vor Jahren auf der Gamescom, das war eher ernüchternd. In Zukunft würden mich eher große Turniere von Teamspielen interessieren. In erster Linie LOL

R7: Ich hätte Interesse, aber ich würde nicht alleine hingehen wollen

7. **Wenn du die Wahl hättest jedes Jahr das gleiche eSport Event zu besuchen oder in jedem Jahr ein anderes, was würdest du wählen?**

R8: Jedes Jahr ein anderes, dann lernt man noch andere Städte und Arenas kennen.

R3: ich denke, dass ich mich eher auf ein Spiel fokussieren würde

R4: Ich würde das gleiche wieder besuchen, denn dann weiß ich, was dort los ist und wer erscheint

R1: Wenn, dann würde ich jedes Jahr das gleiche besuchen wollen, weil es nur ein Spiel gibt, was ich wirklich lange und immer wieder spiele und dabei wird es wohl auch für immer bleiben

R2: Kommt darauf an, wenn mir mehrere Spiele gefallen, würde ich zu verschiedenen Events gehen. Immer das gleiche wird langweilig

R5: Ich persönlich würde lediglich 2 Spielen bei so einem Event Aufmerksamkeit schenken, folglich würde sich meine Auswahl auf 2 verschiedene Spiele begrenzen.

R7: Ja, ich würde es auch von den Spielen und Spielern abhängig machen und weniger vom Event

R5: Und dann finde ich ist das auch sehr stark davon abhängig wie gut das jeweilige Spiel anzuschauen ist

R6: Ich würde definitiv lieber das Gleiche besuchen, da mich nicht eSports im Allgemeinen, sondern nur ganz Konkretes interessiert (Spiel, Team, aktuelles Spieler Line-Up eines Splits)

8. **Was könnten, deiner Meinung nach, Gründe dafür sein, wenn jemand das gleiche Event nicht jedes Jahr wieder besucht?**

R3: Bei einem Turnier etc.? wechselnde Locations, Wechselnd antretende Teams vielleicht? Warum geht ein Fußballfan nicht jedes Jahr zum Champions League-Finale? Bei Conventions könnte es sein, dass der Inhalt nicht mehr interessant war. Oder eben die generelle, dem Nerd innewohnende Abneigung gegen Menschenmassen?!

R7: Genau, ich könnte mir vorstellen, dass es einfach viel zu voll ist auf diesen Events. Das ein oder andere Event kann man sich dann vielleicht besser im Stream ansehen, oder?

R5: Ich habe damals das Gefallen am Spiel verloren. Das Spiel hat sich zu sehr verändert. Andere Spiele reizen aktuell mehr

R1: Ja richtig, wahrscheinlich hat dieser jemand dann das Interesse am Spiel verloren oder die Entwicklung des Spiels war nicht zufriedenstellend. Oder es gab eine negative Entwicklung der Community?!

R6: Ich denke, es könnte unter anderem mit dem Vertragswesen der Teams zusammenhängen. Spieler werden in Deutschland bei LoL nur für eine Saison unter Vertrag genommen. Da ich als Zuschauer mit den Teammitgliedern eine Identifizierung aufbaue, verliert ein Team mein Interesse, sobald es in nächster Saison oder im nächsten Split mit neuem Line-Up antritt und lediglich den Namen behält

R4: Dass diese Person lieber Abwechslung hat

R2: Vielleicht die Lust an diesem einen Spiel verloren oder ein anderes gefällt ihm besser

R8: Die Lust auf etwas Neues, oder dass kein besonderer Mehrwert gegenüber Streaming besteht. Es könnte auch zu teuer sein

9. **Gibt es irgendetwas, das du zu dem Thema gerne noch hinzufügen möchtest?**

R7: Nope

R1: Nö

R4: Nein und viel Glück noch

R2: Generell bin ich eher der Typ Gamer, der selber spielt als wem anderen zuschaut. Macht mehr Spaß und man kann sich selber in dem Spiel beweisen

R6: Ich wollte noch hinzufügen, dass mit einem Alter von 32 ich wahrscheinlich ein Ausreißer im Panel bin. Ich weiß nicht, wie das die Aussagekraft meiner Antworten im Gegensatz zur breiten Masse beeinflusst

R5: Nein, nicht wirklich

Annex F : Focus Group Questionnaire "Research on Engagement Determinants for eSports" – English Translation

Focus Group

Friday, January 17th, 2020 from 8 p.m. to 9 p.m.

Participants (R): 8

Moderator & Recorder: Carolin Kirchfeld

Opening by Moderator:

Hello everyone! First of all, I'd like to thank you for being part of this Focus group. For the today's procedure I would like you to discuss about the topic „eSports & eSports Events". In this context, I only play an observational role and hence I am not involved in the discussion, directly. Yet, I have prepared 9 questions leading you back to the topic every now and then. I would say we then simply start with the first question:

1. **What fascinates you about competitive gaming?**

R5: For me it's escapism from everyday life and getting to know new worlds, such as magics

R2: You can relax, meet people and you are faced with competitive challenges

R4: A break away from everyday life, creating your own fantasies and exchanging ideas with other players ... and the development of friendships

R7: Yes, exactly, I agree

R1: The group dynamics, togetherness, social interaction, your own progress and it is fun to share that with others

R3: I like the big picture, tactics, strategic decisions, challenges at different levels, cooperation or teamwork

R6: On the one hand, I use computer games as an alternative to "real life" in order to reinvent myself at will - evil or good, realistic or fantastic, ... Accordingly, I prefer role-play games.

On the other hand, in computer games I also live out my desire to make a name for myself based on my performance, in goals set by myself and not by others. For this, a lobby of "real" like-minded players, who can appreciate my contribution, is important to me.

I can best serve these fascinations in a multiplayer online role-playing game (specifically WoW)

R8: I think the opportunity to measure and connect with people all over the world is good.

2. **Do you like to watch other gamers play?**

R4: Yes, as long as you play the same game

R8: Sometimes I watch other gamers too. For learning new skills and tactics.

R1: I rarely, rarely, so I think rather no

R3: Rarely, single players. I like to watch team competitions, especially in League of Legends

R2: Yes, I like to watch other gamers play

R6: Yes, me too!

R7: Just like me

3. **On which platforms do you watch other gamers play?**

R7: On Twitch and YouTube

R1: If at all, then it is YouTube and rarely Twitch

R6: On Twitch and YouTube

R5: Twitch and YouTube

R8: YouTube

R2: Twitch, YouTube

R4: On Mixer and Twitch

R3: On YouTube, Facebook and Twitch

4. **What do you think attracts people to streaming portals?**

R1: 75% entertainment, 25% improving your play

R7: I would say maybe 60/40 but, yes I see it similarly

R5: Entertainment

R8: It is very convenient to be entertained from your couch!

R3: Difficult to say, for me it is tactics for WoW Encounter, that is video on demand and no streaming. Streaming I do only for competitions. My entry into the stronger pursuit of LoL eSports came through the entry of Schalke 04, which gave me a team to sympathize with

R6: Predominantly to find a lobby for like-minded people who share the same passion, with a specific game at the centre and a likeable broadcaster as moderator

R2: I reckon the entertainment on the side, extra to the actual game, and also to learn from professionals

R4: It can be an escape from reality or a new opportunity to show talent and thus also to earn money

5. **In your opinion, what is it that excites people about eSports events?**

R2: I think the fascination for the respective games

R4: For me it is the exchange with other players and the friendships that can arise

R7: I would like to be entertained and to be able to exchange ideas with people who have similar interests to mine. But I also find it exciting to see how the top players tackle the challenges presented in the games

R2: Yes, to cheer on idols and meet them is definitely a cool thing

R5: I would say for the same reason that people go to a football game in a stadium: Enjoy experiences in a community among their own kind

R6: I think that the fascination for with specific game plays a big role, but also the fascination for competition at the highest level of performance; also, the fascination for individuals and sharing your own fascination with other fans

R1: Exactly, I appreciate meeting like-minded people, having fun at such an event and enjoying the entertainment

R3: eSports is a sport that breaks through the physical limits of humans on a micromechanical level. It opens up completely new opportunities for competitions. That, combined with the fact that you feel comfortable in a gaming environment and understand the complexity of the requirements, makes eSports exciting to watch

R8: The connection with like-minded people, the atmosphere in the arena and the opportunity to experience his idols in real life.

6. **Have you ever attended an eSports event? If yes, which one? If no, would you be interested in doing so?**

R4:Not yet, unfortunately

R8: No not yet, I would find it exciting to visit one!

R5: Yes. ESL ONE ´15 ´16´ 17

R6: Round of 16-game for the German League of Legends at the Gamescom. However, since Twitch and the associated chat give the opportunity to serve all the demands, (as already mentioned, the fascination with games, competition at the highest level of performance, fascination for individuals and sharing this fascination with other fans), I would only visit other games, if the locations are easy to reach and I find like-minded people who want to go with me

R2: I have never been to an eSports event, but I am not interested in those events. I don't find it so exciting to watch other people play, I'd rather play myself.

R1: Not yet, but I am interested

R3: Yes, years ago I attended the Gamescom, that was rather sobering, though. In the future, I would be more interested in large tournaments with team games. Primarily LoL

R7: I would be interested, but I would not want to go alone

7. **If you had the choice to attend the same eSport event every year or a different one each year, what would you choose?**

R3: I think I would rather focus on a certain game, rather than an event

R4: I would visit the same event again, because then I would know what's going on and who's coming

R1: If I did, I would want to visit the same event every year, because there is only one game that I have really played for a long time, and it will probably stay that way forever

R2: It depends, if I like several games, I would go to different events. The same event over and over again, gets boring easily

R5: I personally would only pay attention to 2 games at such an event, so my event selection would be limited to 2 different games.

R7: Yes, I would make it dependent on the games and players and less on the event

R5: I also think it depends very much on how "watchable" the respective game is

R6: I would definitely prefer to visit the same event each year, because I'm not interested in eSports in general, but only in very specific things (game, team, current player line-up of a split)

8. What do you think are reasons for not going to the same eSports event every year?

R3: At a tournament or similar? A change in locations, or a change in teams maybe? Why doesn't a soccer fan go to the Champions League final every year? At conventions, the content might not be interesting, no more. Or just the general aversion to crowds inherent in the nature of a typical nerd?!

R7: Exactly, I could imagine that it's just too crowded at these events. The one or other event can then be better watched via stream, right?

R5: I lost my liking for the game at the time. The game has changed too much. Other games are currently more appealing

R1: Yes, exactly, then that someone has probably lost interest in the game or the development of the game was not satisfactory anymore. Or maybe there was a negative development of the community?!

R6: I think it could be related to the team contracts, among other things. LoL players are only signed for one season in Germany. Since I, as a spectator, build up an identification with the team members, a team loses my interest as soon as it starts with a new line-up next season or in the next split and only keeps the name

R4: A reason could be that this person prefers variety

R2: Maybe he lost interest in one particular game or he likes another game better now

R8: The desire for something new, or that there is no particular added value compared to streaming. It could also be too expensive

9. Is there anything else you would like to add in this context?

R7: Nope

R1: Nope

R4: No and good luck

R2: In general, I tend to be a gamer who plays himself, rather than watching others play. It's more fun and you can prove yourself in the game

R6: I wanted to add that by the age of 32 I'm probably an outlier in the panel. I don't know how that affects the meaningfulness of my answers, compared to the masses

R5: No, not really

R8: Good luck!

R3: No

3. Teaching Notes

3.1 Case Study Target Audience

Chiefly, this case study is created for undergraduate students, as well as master students from the fields of Business Administration, Management, and especially Marketing. In order to extend knowledge about management in novel business environments, today's trends and brand building, this study will provide relevant insights to the target audience in form of a case that is based on a realistic situation. Furthermore, firms operating in the field of eSports, may extract appreciable information from this case study in order to receive insights about the industry and improve their business strategies accordingly. The practices applied in this thesis can help eSports and other companies that operate in highly customer interactive and sensitive industries to increase their competitiveness. Finally, this case study directs at the goal to bring awareness to current issues in the business world and to encourage young professionals or soon-to-be employees to choose their place of employment, deliberately. Legitimate tasks and appreciation are the key for great work-enhancement and a more carefree work experience (Schulte-Braucks & Dormann, 2019).

3.2 Pedagogical Objectives

The objectives of this thesis have been developed with the purpose of answering the overall research question *(How to increase the powerful market position of ESL Gaming and withstand the growing pressure of competition in order to become the world's most powerful eSports brand for brand investors and gamers?*). Thus, the principle objective of this case study is to use the given framework to develop and implement strategies based on an authentic scenario and original data. For solving the case study, the target audience should endeavour the following pedagogical objectives (O):

O1: Establish knowledge on the concepts applied for this case study and the business environment of eSports organisations.

O2: Develop a comprehension among bachelor and master students about new, striving sectors.

O3: Create an understanding for the importance of brand and consumer management in today's business world in order to differentiate from competitors and to grow as well as sustain a competitive advantage.

O4: Educate students in breaking down a novel topic with the goal to work out profound and performance-based marketing strategies.

O5: Provide paramount examples of how to implement engagement strategies, considering the target's engagement determinants.

O6: Work out recommendations for companies, operating in the eSports industry, on how to differentiate from competitors, while becoming more attractive to brand investors.

3.3 Literature Review

The following chapter presents the theoretical framework, which will not only provide a more holistic understanding of the research question but will further function as a base for the following analyses. The literature review will deal with two major topics: Relationship marketing and Relationship Marketing targeting eSports fans.

3.3.1 Relationship Marketing

This chapter reviews the current literature on Relationship Marketing (RM) and will demonstrate its importance for the further context of the thesis. The special focus on customer engagement and customer retention will provide a profound base for answering the case questions with the goals to solve the overriding research question.

3.3.1.1 Definition and Relevance

In stating that RM is the "*attraction, maintenance, and – in multi- service organizations – enhancement of customer relationships*" (Berry, 1983: 25), Berry was one of the first scholars that covered the topic RM in the service industry. In his study, Berry explains the importance of implementing an official marketing strategy that includes a RM approach, so that companies may be able to contrast with competitors (Berry, 1983). Berry's definition

still had its validity in the following decade; however, it had a high demand to be redefined. In the late 1980's a movement towards the reduction of stakeholders with the goal to provide services of higher quality while cutting down investments, could be detected (Sheth, 2002).

Further, due to introduction and commercialisation of the Internet in the beginnings of the 1990's, digitalisation emerged and hereby competition gained a whole new meaning (Chattopadhyay, 2001). Not only customers, but all stakeholders that are involved with a brand have suddenly gained untold possibilities as a result of the worldwide reach the internet is providing (P. Kotler and G. Armstrong, 2003). By this means, it has become even more crucial for brands to adjust, and provide the customer and other stakeholders with an enrichment, that goes beyond the core product and competing products (Grönroos 1997). Considering the external factors, Grönroos (1997) redefined RM as:

> *The process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises* (Grönroos, 1997: 407).

Other than definitions from previous researchers, Grönroos' definition considered not only long-term relationships, but further the ending of existing relationships, if necessary. Sheth (2002) discovered that many brands are facing the issue that roughly one-third of their customers are not profitable and will not be profitable in the future. According to the researcher, the majority of customers do not warrant the company's cost to serve them, by the quantity they are purchasing. In line with the previous, Palmatier (2008), who is one of the pioneers for the literature on RM, defines RM as follows: "*Relationship Marketing is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance*" (Palmatier, 2008: 3). Today, researchers are mainly congruent on the importance of RM for the sustainable success of businesses. RM plays a significant part in the construction of a firm's successful marketing strategy (e.g., Beck *et al*., 2015). Factors, such as growing competition, internationalization, commercialisation of products, over-targeting of customers, the development away from an industrial industry towards a service-oriented industry, and most importantly digitalization, are key success factors to consider for a worthwhile implementation of RM, aiming for the improvement of a brand's performance (Palmatier & Steinhoff, 2019).

Through digitalization non-face-to-face relational communication with the customer or among customers through the internet were forged, providing companies with great benefits.

Due to the possibility to reach customers wherever and at any point of time, online relationships now profit from benefits such as continuity, interaction, an omnichannel base, the ability to personalise contents and offers, and the strength to give personality to products (Steinhoff *et al*., 2019). With this, a brand is able to create quality that goes beyond the core product or service offered. As Rese has elaborated in his study from 2003, a customer will only rationalize the offers from competitors, when the brand conceives value to the customer, and if this value is higher than the value competitors can deliver. Creating a competitive advantage for each activity between brand and customer, resolves in a higher degree of customer satisfaction. For subsequent purchases the likelihood that the customer will complete its purchase again with the brand, it was satisfied with, increases tremendously. In turn, switching costs increase and the power of competing offers abates. On the other hand, the researcher, advises brands to be aware of the customer's watchfulness when it comes to competing products with new features. New features may have the potential to outpace high transaction costs (Rese, 2003).

Not only transaction costs, switching costs and quality are important for the decision-making of a customer, but, to a greater degree, trust. In this regard, word-of-mouth from customers with common interests, plays an important role for (potential) customers. Therefore, customer engagement forms a central instrument for companies in order to create or intensify relationships with potential or existing customers (Rese, 2003; Thakur, 2019).

3.3.1.2 Customer Engagement (CE)

Various eminent engagement concepts are presented in Table 7. The depicted approaches could be identified as relevant for this thesis. Thus, the approaches cover subject matters, such as customer-engagement, customer-brand engagement, consumer-brand-engagement and customer satisfaction. Due to the high density of approaches that reveal akin outcomes, the weight of engagement-based theories becomes evident.

Author	**Study**	**Framework**	**Subject**	**Elements**
Hollebeek et al. (2019)	Conceptual	Customer engagement	CE can be understood as a customer's motivation to deliberately contribute to a brand and its actions by endowing the brand with its intangible (e.g., emotions, behaviour, cognitive, skills) and tangible (e.g., equipment) assets.	Cognitive, Emotional, Behavioural, Skills
Roberts & Alpert (2010)	Conceptual	Consumer-brand engagement	In order to build a customer's long-term identification with a brand, all stakeholders of a company should be combined. The alignment of the companies' culture, products, and tone-of-voice is essential in order to create the necessary attachment that is needed for Consumer-brand engagement.	Consideration, Recommendation, Loyalty
Kumar & Nayak (2019)	Empirical: Quantitative	Customer brand engagement	Brand psychological ownership (BPO) and value-congruity are key drivers for customer brand engagement, which in turn strengthen the effect of customer brand engagement on customer loyalty. BPO expresses the state of mind in which the customer regards the brand as a part of its own. Value-congruity describes the status in which the values of the customer and the brand's values match.	Cognitive, Emotional, Behavioural, Psychological ownership, Value-congruity
Carroll & Ahuvia (2006)	Empirical: Quantitative	Consumer-brand engagement	Brand love is an important stage of consumer satisfaction and evokes a positive post consumption behaviour. A special linkage can be detected when it comes to products of pleasure, or brands that offer the consumer self-representation. Among satisfied consumers, brand love can be the driver for, but also the outcome of satisfaction.	Satisfaction, Brand liking, Brand love
Loureiro et al. (2012)	Empirical: Quantitative	Consumer-brand engagement	Brand attachment in high extent may lead to brand love. Brand love can emphasize trust for a relationship now and in the future. Brand love is affected by self-expressive brand and brand attachment. Brand trust, but even more commitment and brand love itself reinforce brand loyalty.	Cognitive, Emotional, Behavioural, Brand attachment, Brand love,

Author	**Study**	**Framework**	**Subject**	**Elements**
Hult et al., (2019)	Empirical: Quantitative	Customer satisfaction, online & offline	Online and offline purchases draw on different satisfaction drivers. For offline purchases customers have higher expectations and seek a high purchase experience quality. The purchase value is especially important for customers when buying online. They are also more conscious when purchasing again. Repurchasing can be influenced by the aim for social identification and emotional relationship with the brand's community. A trust growing and affordable outcome may be word-of-mouth (WOM).	Quality, Perceived Value, Customer Expectations, Customer Satisfaction, Customer loyalty
Keller (2007)	Empirical: Quantitative	Consumer-brand engagement	WOM is a highly influential tool in marketing and has a high effect on the growth of a brand. Not only does it influence on the repurchase intention of a customer greatly but further benefits from low costs. WOM is an exchange in several directions, thus it is important to include the entire community of a brand when implementing a strategy.	Behavioural, Brand advocacy, WOM advocacy

Table 7: Engagement Approaches in Marketing Literature

Customer engagement (CE) can be understood as a customer's motivation to deliberately contribute to a brand and its actions by endowing the brand with its intangible (e.g., emotions, behaviour, cognitive, skills) and tangible (e.g., equipment) assets (Hollebeek *et al*., 2019). Together with always re-emerging new technologies and platforms in the digital environment, elements such as customisation, personalisation, interaction, co-creation and unlimited reach provide an ideal foundation for an unceasing CE (Steinhoff *et al*., 2019).

Due to the high complexity, however, brands are facing acute difficulties with implementing CE strategies into their businesses. The complexity lies within the challenge to accommodate all fundamental elements of CE (Roberts & Alpert, 2010). With their total engagement model, Roberts and Alpert found a way to erupt this complexity, while joining the cornerstones of CE: Branding to consumers, internal marketing that comes from within the company and the transmission of service. They found out that in order to incorporate the afore-mentioned aspects, all stakeholders of a company must be merged. Moreover, the researchers point out the essentiality to align the companies' culture, products, and tone-of-voice in order to create the necessary attachment that is needed to build a customer's long-term identification with a brand (Roberts & Alpert, 2010). With accordance to Diehl (2009), this attachment results from the emotional bond a customer has to a brand and is expressed in the customer's behaviour that leads to upholding this bond (Diehl, 2009). Following Kumar and Nayak's (2019) customer brand engagement model, brand attachment is dependent on the degree of value-congruity a customer has with a brand and whether the customer has a feeling for brand psychological ownership, which shows when customers classify a part of the brand as if it belonged to them. The particular are key drivers for customer brand engagement, which in turn strengthen the effect of customer brand engagement on customer loyalty. As a last point, the researchers uncovered the connection between brand attachment and brand loyalty (Kumar & Nayak, 2019). Research has shown that brand attachment in high extent may lead to brand love, which is the genuine and strong emotional affinity a customer can feel towards a company, when satisfied. Brand love itself reinforces brand loyalty, which bears grand benefits for firms (Carroll & Ahuvia, 2006; Loureiro *et al*., 2012):

Purchase Intention, Co-Creation & Cost-Effectiveness

Benefits that evolve from brand love have a positive influence on the purchase intention of a customer, co-creation and resulting cost-effectiveness with regards to marketing activities.

The afore mentioned benefits of brand love evolve along the different relationship stages a customer has with a brand. At the beginning of a brand-customer relationship, the customer is primarily concerned about information gathering and therefore has no strong connection to the brand. As soon as the customer detects similarities between its own beliefs and the beliefs of the company, the customer starts to identify with the brand, and joins the community that shares the same thoughts and values. Lastly, the customer develops a sense of responsibility towards the brand's community. The customer becomes part of the brand by shaping its values out of a strong desire of belonging and self-actualization (Kaufmann, *et al*., 2016).

Purchases can be positively influenced, solely by the social identification of the customer with a brand. As stated by Hult *et al*. (2019), customers already regard the exchange with one member of a community as an exchange with the whole community. The customer's aspiration for belonging leads to a direct emotional relationship with the community, which again can have a positive impact on the purchase intention of the individual (Hult *et al*., 2019). Due to its interconnected nature, social media has proven to be an advantageous tool to create community dynamics and encourage CE (Dolan *et al*., 2019). When satisfied with the overall quality of the product and/or service received, or when, in other words, the perceived value of a product/service is higher than the expected value, customers are likely to share their positive experiences with the community of a brand (Hult *et al*., 2019). Word-of-mouth (WOM) and electronic-word-of-mouth (eWOM) are not only driving forces for trust, but highly influential and inexpensive by nature (Thakur, 2019; Hult *et al*., 2019). Due to the interplay of customers and potential customers, every participant of a community can be influenced in their purchase intent by WOM at some point. Honest brand advocacy has a high impact on a brand's growth on the one hand and involves low operating costs on the other. Accordingly, online CE provides a lucrative opportunity for companies to perform marketing with an economical benefit, due to its cost-effectiveness (Keller, 2007). Kaufmann, *et al*. (2016) further indicate that brand advocacy can even resolve in co-creation. Those customers, who feel a certain responsibility towards the brand are, due to their commitment and high loyalty extent, likely to become part of the

value-formation of a brand. Actively participating in the growth of a brand, can turn customers in the last stage into brand ambassadors and co-creators.

Dependent on the specific degree of customer satisfaction, the purchase intention, level of co-creation and cost-effectiveness of a customer, can have a positive effect on brand loyalty.

3.3.1.3 Customer Retention

With accordance to Hoyer and MacInnis (2001), customer retention can be understood as an act that leads to satisfied customers and results in long-term relationships.

Hence, it is important to understand the influence of the three major drivers of customer loyalty and customer retention, identified by literature: Customer satisfaction, affective commitment and calculative commitment. Because customer satisfaction varies from customer to customer, but has a great influence on customer retention, marketers must understand that customer retention can only be achieved, when they are aware of the diversity of customers. Customer satisfaction is based on the evaluation of previous touchpoints and actions with a brand that lay in the past. Supplementary, the extent to which customers feel the need to adhere to a brand in the future, is of central concern in order to obtain customer retention. The indicated is expressed by the customer's commitment, which can be partitioned into affective commitment and calculative commitment. In this regard, affective commitment terms the customer's engagement that rests upon emotional factors, whereas calculative commitment is based on rather analytical aspects, such as financial benefits or switching costs (Gustafsson *et al*., 2005).

The priorities of each individual can change corresponding to the stage of lifecycle they are in. Incisive events in life can have a considerable influence on a person's needs and values (Palmatier & Sridhar, 2017). According to Palmatier and Sridhar (2017), the Acquisition-Expansion-Retention Model (AER model) provides a tool that segments the company's current customers based on these stages. Moreover, it predicts certain migration structures of the customers along their personal lifecycle, anticipating which customer will adhere to the brand and who is likely to leave. The AER model builds upon three different phases of affiliation with the company: Acquisition phase, expansion phase, and retention phase. In the acquisition phase, potential customers have not yet acquired a product/service from a company but are already well informed about a specific offer, one or more brands are

offering. It is proven that treating these particular customers with special care results in a higher customer satisfaction and retention in the future, and with this in a higher cost-effectiveness. As customer demands change along the customer's lifecycle after the first purchase(s) are made, the expansion stage is designed to segment the customers according to their development patterns. In this phase, brand loyalty can be built through CE and an increase in transaction quantity. With predicting how the customer will develop along its lifecycle, the brand is able to counteract by adjusting their offerings. Thus, it is less likely that the customer leaves for a competing offering. In the retention phase a special focus lies within the intensification of the customer-brand relationship. With the attempt to increase the customer's switching costs solely, the customer may part with the brand, eventually. In fact, increasing switching costs and not investing in relationships with the customers, can lead to an uneased feeling, which may carry negative WOM as a consequence. Several reasons, such as sudden parenthood, first full-time employment or the need to try something new, can be the trigger for a switch to a competitor. Therefore, in the retention phase it is momentous for companies to aim attention at brand loyalty (Palmatier & Sridhar, 2017),

Segmenting customers corresponding to the AER model is a well-established way to adapt to the changing needs and values of the customers in a theoretical way. Marketing activities, such as service calls, cross-selling, up-selling, engagement campaigns, and customer loyalty programs are considerable tools that can accompany the stages of the AER model (Palmatier & Sridhar, 2017).

Additional to the right marketing activities with each lifecycle stage of the customer, brands can build and cultivate customer loyalty by classifying customers according to the value they have for the company today and in the future. Dependent on the return of marketing investments for one customer, the customer lifetime-value (CLV) of each individual is described (Stewart, 2019). As elaborated in Hajipour and Esfahani's delta model (2019), the CLV changes according to the degree of loyalty a customer feels towards a brand. Thus, Hajipour and Esfahani (2019) identify three customer groups in their study: Transition customers with fewer CLV, attached customers with average CLV and locked-in customers with maximal CLV. In order to transform transition customers to attached customers, the researchers suggest the total customer solutions strategy. Its goal is it to address the customer's emotions by creating a relationship between the customer and the brand, rather than concentrating on competitors and their offerings. Furthermore, attached customers, in turn, can become locked-in customers. Respectively, the aim of the lock-in

strategy is to increase the customer's loyalty to a maximum through the building of relationships between all stakeholders of a brand (Hajipour & Esfahani, 2019).

3.3.1.4 Relationship Marketing in eSports

Several industry experts state that eSports will be the new champion in the conventional scenery of sports and marketing due to its impalpable magnitude. The high numbers of spectators and their motives show that the industry has the potential to become as successful as soccer or comparable areas in traditional sports (e.g., Qian *et al*., 2019). Alike traditional sports, eSports depends on social aspects, which means that experiences and recommendations from fellow gamers present information that have a high influence on the customer decision-making (Pizzo *et al*., 2018). As shown above, RM plays a vital role in the communication with and among customers and may lead to customer loyalty, when executed in the right way. However, the field of RM and customer retention in eSports is still a very nascent field, which leads to the fact that existing literature is currently limited. Nonetheless, several existing studies present relevant content from which valuable insights for the thesis can be derived.

In their research of 2011, Lee and Schoenstedt have found out that the motives of eSport spectators can be compared with those of spectators in conventional sports, and that spectator motives have an immediate impact on the likelihood and regularity with which they are visiting events/games. Whereas pressure from associates only has little influence on the spectator motives, rivalry and talent have a positive impact on eSports spectator motives. In the further course of their study, it has become clear that individualised communication affects purchase intentions among and with eSports attendees, positively, leading to higher turnover and greater share of the market. Therefore, the distribution of bespoke content is advised to target the audience of particular eSports games and to focus on topics related to competition and talents (Lee & Schoenstedt, 2011).

Pizzo *et al*. endorse the above findings in their study from 2018, which supports the proposition of similarities between the fans of traditional sports and eSports. According to Pizzo *et al*. the motives that are similar for sports fans and eSports fans are as follows: "*Interest in sports*" (rather high), "*interest in the player*" (rather high), "*aesthetics*" (high), "*social opportunities*" (rather high), "*drama*" (high), "*role model*" (medium), "*entertainment value*" (rather high), "*wholesome environment*" (rather high), "*acquisition of*

knowledge" (high), "*skill of the athletes*" (rather high), "*enjoyment of aggression*" (medium to rather high) (Pizzo *et al*., 2018: 115). On the other hand, four motives could be revealed which differ significantly for sports and eSports fans. The results show that eSports spectators derive a higher motivation from the empathy they feel for the achievements of the gamers, including the admiration of their skills, talent and the turmoil that leads to a high level of excitement. A higher motivation for the "*physical attractiveness of players*" and "*family bonding*" (Pizzo *et al*., 2018: 115) can be detected among conventional sports fans and are less important for eSports attendees. Furthermore, the study shows that the majority of spectators are young, male students (mainly between 18 and 24 years old). Only about one-fourth of the respondents of the survey that was distributed at FIFA Online 3 and StarCraft II events were female. Nevertheless, the number of young female spectators is expected to increase tremendously in the upcoming years (Pizzo *et al*., 2018). Therefore, the study finishes by demonstrating the need for tailored contents in the communication with eSports fans due to individual differences. Motives that are highly influential for one eSports spectator to attend a game, may not be as influential for another.

Moreover, differences between online spectators and on-site spectators can be made in regard to eSports. While offline eSports fans esteem the previously named aspects, online fans are clearly concerned about game-related and educational facts. Alike on-site spectators, online spectators are motivated by turmoil and the breakout from real life (Neus *et al*., 2019). As reported by Neus *et al*. (2019), brands in eSports are most successful when represented on renown eSports streaming platforms. The researchers further present the importance of offline games due to their social power and emotional effect. Chat functions in online games or streaming sites can soften the social weaknesses but cannot compensate the absence of a strong community feeling.

First studies on loyalty among gamers were only published in April 2019 by Liao *et al*.. The researchers based their study on the fact that every individuum seeks for the satisfaction of their core needs: autonomy, competence, and relatedness. According to the authors., eSports has the strength to satisfy player's needs for competence and relatedness, which increases the gamer's self-respect and with this eSports fans have a high likelihood to become loyal customers.

Finally, eSports events and their related streaming services make it possible to reach large numbers of fans, either offline or online. In order to use the industry's full potential, the implementation of profound RM strategies is of particular importance. The growth of

spectator relationships with eSports brands will lift companies' performances and decrease marketing expenditures.

3.3.2 Summary

As research has shown, not only the term RM has experienced an evolution in the course of the last four decades, but also the corresponding mind set of brands. As RM in former days was a functional tool to maintain relationships with customers until the sale was closed, RM today can be rather seen as a philosophy brands strive for in order to create a serious, emotional and sustainable relationship with each member of their community. It can be considered as an instrument that allows brands to construct attachment with the customer by building an experience around the purchase of a product/service that is not provided by competitors. Especially, due to digitalization great possibilities have arisen for building a competitive advantage towards competitors and provide the customer with hard-to-copy offerings. Because of its ability to build trust, CE, for example through social media, has been proven to be a major driver for the creation of relationships with customers. CE has a positive effect on customer attachment, which, in high extent, may lead to brand love. Both, CE and customer attachment, as well as brand love have a high positive impact on brand loyalty. Outcomes, such as higher purchase intentions, co-creation (e.g., WOM) and an increased cost-effectiveness can be identified as core benefits of customer loyalty. As literature has demonstrated on a grand scale, three stages of customer relationship build the foundation for successful marketing strategies, encouraging customer loyalty. Whilst the AER model segments customers based on their dynamic patterns along their lifecycles, the delta model clusters customers based on their CLV, presenting the company with the most profitable customers, and strategies that convert fewer valuable customers into valuable customers. Both models follow the proposition that customers connect and identify with a brand progressively. Marketing activities for generating customer loyalty along the three stages may be service calls, cross-selling, up-selling, engagement campaigns, and customer loyalty programs.

Nonetheless, it should not be neglected that customer relationships are a sensitive topic that can lead to dissatisfied customers and negative WOM when implemented careless. Customer retention can be achieved through the alignment of all stakeholders of a brand. If consistent in culture, products/services and tone-of-voice, companies can build rocklike relationships with their customers.

Even though, RM is already a well-established marketing tool with a strong right to exist, it has not yet arrived in the eSports industry. As the reviewed literature has demonstrated, the eSports industry is a field with (potential) clients that have the capacity to become faithful customers for brands. In order to bind eSports spectators to a brand, marketers need to be aware of their target audience and their motives. With a young, internet-affine community, mainly consistent of well-educated men, but with a great potential in the female sector, the target audience is of high value and well accessible. If addressed with relevant, individualised contents on games and players and equipped with a platform on which they can exchange their experiences, eSports spectators are likely to be emotionally aroused and become customers, who embrace long-term relationships. The chance to increase their self-worth, the possibility to escape from their everyday-lives, as well as the perspective of excitement, knowledge gain, social involvement and turmoil draw customers towards eSports events and are likely to be the foundation for a fruitful brand-customer relationship with brands operating in eSports.

All in all, research has shown that the quality of the brand-customer-relationship increases, the more RM strategies are realised. Ergo, the performance of a brand increases, and expenditures decrease. Further, it became apparent that the importance of RM has not yet arrived in the young and aspiring eSports industry. Profiting from the momentum the industry is currently experiencing, companies, such as ESL Gaming, gain new customers on a regular basis. However, voices have been raised, proclaiming a lack of returning customers, which will be critical for the future settlement of the industry.

Thus, in order to support the study in answering the research question of the thesis, a focus group among eSports fans was conducted. With this, the detection of gaps in the marketing strategy of ESL Gaming is anticipated, which are aimed to be closed by developing a respective marketing strategy in the further course of the thesis.

3.4 Analytical Frame Presentation

In order to provide scholars with guidance and structure for systematical reasoning when solving the case study, this chapter gives direction for educators on analytical means and tools that are necessary for solving the problem under study. Beneficial to answering the overall research question (*How to increase the powerful market position of ESL Gaming and withstand the growing pressure of competition in order to become the world's most powerful eSports brand for brand investors and gamers?*), scholars are obliged to use a mixed-method

approach for their analysis, consistent of quantitative and qualitative data analysis. By means of the reciprocal analysis approach, it is intended to encourage the scholars' critical thinking and to guide them towards solving the problem under analysis. Thereby the relationship between theory and research is projected to be emphasised. When assigning scholars to monitor data on the given subject, it should be pointed out that scholars are expected to access the given information, solely. Indeed, afore-mentioned secondary and primary data can be accompanied by additional internet research; the collection of additional primary data, however, is not required.

Quantitative Analysis

The case study provides quantitative data on the eSports industry and on the company ESL Gaming. With the aim to grow the target audience's understanding of the external and internal business environment, scholars are supplied with facts and figures about the evolution of industry and company. Scholars need to analyze the following data in order to derive educated assumptions and with the goal to solve the presented problem:

- Data and reports published by Newzoo, Deloitte or Facebook that facilitate detailed analyses of the industry under analysis (e.g., annual reports, performance-reports)
- Data published by ESL Gaming and its parent company Modern Times Group
- Additional data on microenvironment and macroenvironment of the firm
- Data on financial performance
- Data on revenues, revenue segments and streams
- Data on customer behavior & audience growth
- Data on product and consumer segments
- Data on industry trends
- Evolution of ESL Gaming

Qualitative Analysis

Complementing the quantitative analysis, qualitative data is provided in the course of the case study. With the results, extracted from the qualitative analysis, scholars are administered with knowledge and tools needed for a perfect understanding of the problem under analysis. By this means, they are enabled to conclude recommendations and implications based on well-founded knowledge. Therefore, scholars are anticipated to make use of the subsequent sources of information for the undertaking of an analysis:

- Data and reports published by Newzoo, Deloitte or Facebook that facilitate detailed analyses of the industry under analysis (e.g., annual reports, performance-reports)
- Data published by ESL Gaming and the Modern Times Group
- Additional data on microenvironment and macroenvironment of the firm
- Information on revenue streams and segments
- Data on industry trends
- Business model information
- Information on strategic focus, positioning and history of ESL Gaming
- Data on product segments
- Information on competition
- Literature review on the subject, including scientific articles and books
- Data on consumer behaviour and motivations. Especially data extracted from the focus group interview, conducted prior to the case study

Main frameworks & tools

Subsequently a collection of suggested frameworks can be found that are recommended tools in order to analyse the data provided in the case study. Supplemented by automotive paperwork and/or internet research., the suggested frameworks serve as appropriate and well-fitting tools for the development of substantial and credible conclusions.

- External Analysis (PESTEL Analysis, Competitor Analysis, Benchmarking)
- Internal Analysis (BMC, STP, Marketing Mix)
- SWOT Analysis
- AER Model

3.5 Action Plan

Session	Objectives	Action Plan	Time
1st Session	Cultivation of the students' interest for the case study Introduction of main topics & terminology of case study Answering of introductory questions Familiarization of the case study	● Utilization of animation questions (see: Chapter 3.6) ● Presentation and introduction of ESL Gaming and the eSports sector ● Support of the presentation with an online video Link: https://about.eslgaming.com/ ● Distribution of the case study ● Creation of work groups and demonstration of assignment and time schedule ● Time for student's questions	90 min
Out of Session	Make acquaintance with the assignment and the assessment structure Answering Q1	● Individual case study reading, comprehension and diagnosis ● Initial case study analysis and group discussion / division of areas of responsibility ● Answer Q1 (apply additional research, if needed)	90 min
2nd Session	Presentation of Q1 resolution Discussion of Q1 answers Initiation of Q2 & Q3	● Discussion of the contents and annexes of the case study ● Brief presentation of Q1 answers and subsequent debate (5min/group) ● Debate about the eSports sector ● Discussion ESL Gaming and its competitors ● Introduction of Q2 & Q3 to student	90 min
Out of Session	Answering Q2 & Q3	● Intensified analysis of the case study and subsequent discussion in the group ● Answer Q2 & Q3 (apply additional research, if needed) ● Assemble findings in a presentation that accompany findings from Q1	120 min
3rd Session	Discussion of Q2 & Q3 answers Further development of case study Initiation of Q4	● Presentation of solutions to Q1, Q2 and Q3 (15min/group) ● Debate about findings of first set of questions ● Introduction of Q4to students	60 min
Out of Session	Answering Q4 Development of final group presentation Preparation of one resolution summary per group that will be shared with the class	● Intensified analysis of the case study and subsequent discussion in the group ● Answer Q4 (apply additional research, if needed) ● Assemble findings in a presentation that accompany findings from Q1, Q2, Q3; based on the findings and results, answer the principle question	210 min

4th Session	Final case resolution presentation and discussion	• Case resolution presentation (25min/group) • Submission of written group report and findings summary • Clarification of final questions • Concluding in-class discussion	120 min
Out of Session	Score work groups	• Case Resolution Report (50%) + Presentation (35%) + Discussion (15%) • Grading Case Resolution: Q1 (25%) + Q2 (25%) + Q3 (20%) + Q4 (30%)	

Table 8: Action Plan

3.6 Animation Questions

This chapter presents animating questions, that are composed to arouse classroom engagement and discussion. The discussion targets the interest and motivation of students towards the eSports industry. On the one hand, animation questions help educators understand the scholars' knowledge on the topic and provides the possibility to close knowledge gaps. On the other hand, the educator is equipped with a tool that acquaints scholars with the problem in the starting phase of the case study. Accordingly, the question structure is a funnel form, starting with entrance questions and ending with exploration questions.

- Who knows what eSports is and could define it? Do you know the difference between eSports and gaming? Who has ever played or watched video games?
- Have you ever attended an eSports event? Why or why not?
- What do you think attracts eSports fans to streaming portals?
- What products offers come to your mind when thinking of eSports?
- What are the most important factors of an eSports company's value proposition?
- How do you foresee the future of the eSports industry?
- In your opinion, how important is customer retention for the further development of the eSports sector? Justify your answer?
- Have you ever heard of the company ESL Gaming?
    - How and what was your experience with ESL Gaming?
    - Would you choose ESL Gaming again, if so for what and why?

3.7 Case Study Resolution Proposal

The following resolution proposal provides a sample solution to the case study in order to counsel educators that distribute this case study to scholars. It should be mentioned that the provided resolution proposal serves as recommendation and should be adjusted to future dynamics in the market.

3.7.1 Question 1

Considering the given data, prepare an external analysis of ESL Gaming.

The external analysis is an objective evaluation of the changing world, a company is operating in. Therefore, it is a crucial element of strategic planning and can be further referred to as an early-warning system. By analysing the constantly changing macroenvironment of a firm, opportunities and threats can be detected. Only if an analysis of the firm's environment is conducted on a constant basis, the firm will be able to react fast to external forces (Vining, 2011).

The PESTEL framework will serve as reliable and versatile tool that allows the ESL Gaming to look in six different directions (Song *et al*., 2017 & Image 5). With the PESTEL framework, which is based on the information provided in the case study, the groundwork for the development of educated and well-founded strategies will be laid (Sandberg *et al.,* 2016). Based on the digital and extremely international nature of the company ESL Gaming, the following PESTEL-analysis will join influencing factors, relevant for the entire eSports environment, instead of one single market. Subsequently, information on the customer journey in the eSports industry will be inspected.



Image 5: PESTEL Framework (SlideBazaar, 2020)

P - Politic

Taking into account the political macroenvironment, the company ESL Gaming is situated in, a number of drivers need to be considered for gaining a holistic picture of the

entire business environment. Thus, in the following the most important political aspects will be presented.

On the one hand, eSports has gained such awareness in previous years that governments all over the globe have started to become associated with the flourishing sector. Whilst countries, such as China, the UK, Denmark and Malaysia have started investing in eSports projects, it is not clear yet, weather all countries will acknowledge eSport as an actual sports discipline in the near future. Other countries, like Germany, accommodate competitive gamers by loosening visa policies, so that they are now allowed to enter the country for 90 days per year. Thereby, entry requirements were brought more into line with those of traditional sports players and a beacon of hope was lit that eSports may be recognised as a sports discipline, soon. Furthermore, the German government makes an impression by including a promise in their coalition agreement stating that they will support eSports in becoming Olympic. In addition, the World Health Organisation (WHO), which works with countless governments and especially the United Nations, partnered up with eSports companies within the scope of the Corona pandemic COVID-19 in 2020. With the goal to offer healthy socialising opportunities, they initiated the #PlayApartTogether Campaign. This cooperation did not only generate attention within the target group but may further help the eSports sector to overcome their bad reputation and move closer to their goal of becoming an official sports discipline. Only in 2019, the WHO has discredited the industry by categorizing intense gaming as a disorder (see: Chapter 2.1).

Being acknowledged as a sports discipline, as well as becoming Olympic would mean a serious breakthrough for the industry. Afore mentioned could amount in countless growth opportunities due to outside audience increment, as well as sponsorship opportunities and active actions against negative reputation (see: Chapter 2.1).

On the other hand, the Chinese government stands out with their strict regulation policies, implemented in 2018 and controlling eSports affairs in such rigorous ways that eSports enterprises, but especially game developers and publishers are greatly restricted in their business freedom. First voices of companies that had to face severe losses due to the Chinese policies, have already been raised, leaving the industry with a potential hazard (see: Chapter 2.1).

E - Economy

Considering the economic environment of ESL Gaming, a wave of euphoria can be recognized among industry players, investors, and even companies of dissimilar origin. Several favorable external circumstances pave the way for enterprises in the field of eSports, or those who are willing to be part of the phenomenon henceforth (see: Chapter 1.1 & Chapter 1.2).

With a growth of nearly 27 percent in 2019 and similar numbers for previous years, eSports is evaluated to be one of the fastest growing industries presently existent. In 2019 the industry generated more than 1-billion-US Dollars revenue and is expected to reach revenues of almost 1.8 billion US Dollars by 2022. The vast majority of revenues in 2019 resulted directly or indirectly from earnings in eSports leagues, events and teams, more particular from brand investments, which sum up to 897.2 million US Dollars. Perusing revenues, generated through the consumer side, are indeed noteworthy, but considerably low with 103.7 million US Dollars in 2019 (see: Chapter 2.1 & Figure 1). Yet, with a global eSports audience of 454 million people in 2019 and an envisioned total eSports audience of 644 million in 2022, the sector has great potential (see: Chapter 2.1.3 & Figure 2). Specialists imply that the current per capita fan value of 5.45 US Dollars could be leveraged, if consumers are supplied with the right products and services. When monetized in a way, conventional sports monetize their fans, the per capita value of an eSports fan is expected to explode. By way of example, the eSports market, if financially handled as it was the NLB or NHL, could have hit figures of almost 20 billion US Dollars, instead of close to 1.1 billion US Dollars, in 2019 (Chapter 2.1.3 & Figures 3 & 4). This fact provides a favorable circumstance but has the power to become a threat for the industry at the same time. In order not to lose the great growth pace, it is of crucial importance for eSports companies to understand their consumers and to serve them in the right way. Successful handling could be rewarded with extraordinary growth rates (see: Chapter 2.1.3).

With Europe, North America and Asia, but particularly China, as leading markets, further surge can be predicted. With the largest economies regarding GDP, the three markets provide great business growth opportunities, which is attributable to a healthy economy and consumers with strong spending power (see: Chapter 1.2 & Annex C, Figure 6). Indeed, with a drop in 2020's global GDP growth rates, caused by the outbreak of the Coronavirus disease (COVID-19) in late 2019, and an expected GDP growth rate recovery in 2021, the economies, are further predicted to grow in the future (see: Annex C, Figure 7). Similar

accounts for pursuing markets, such as Latin America or the Middle East, which are anticipated to become important future marketplaces for the sector (see: Chapter 2.1.3 & Annex c, Figure 7). Not only the decline in GDP growth rates can be attributed to the Coronavirus outbreak, but further the cancellation of events on a grand scale (see: Chapter 2.1). Even in the eSports industry, numerous events had to be cancelled or postponed, resolving in a revenue outage for 2020's on-site events that cannot be predicted at this point. On the contrary, a break in records regarding online spectator numbers on streaming platforms, such as Twitch and YouTube, could be registered. On Twitch alone, the average number of spectators increased by roughly 70% in less than six months. Further, a fair chance to sustainably attract and gain new consumers during the time of the crisis are presented therewith (see: Chapter 2.1.2).

Another economical aspect that needs to be considered is the expected increase of inflation rates as response to the Corona crisis, which has been a major concern of the public, but cannot be affirmed by industry specialists so far. Experts believe that inflation rates will not change exceptionally by means of the Corona crisis (see: Chapter 2.1). The indicated would help eSports companies to stand the crisis' consequences.

S – Social

Likewise, external social factors have a great impact on eSports companies and hold several potential traps, but also favorable circumstances. Enterprises in this field need to understand the consumers' behavior and have to be able to adjust their strategies accordingly, in order to serve the consumer's demands (see: Chapter 2.1.3).

It is no secret that the internet and accompanied technologies have shaped today's business environment and consumer behavior. Moving away from the usage of single channels towards multiple channels on their customer journey, consumers are pressuring firms to align their communication strategies accordingly. Most notably is the technological influence among young target audiences, who are particularly online affine and interested in new technologies, as well as entertainment possibilities. Nevertheless, also trends towards offline gatherings and events can be recognized, underlining the fact that online and offline environments have merged to one united business environment (see: Chapter 2.1.4). Furthermore, the young consumer market favors lively engagement and action. Further young consumers call for CSR, individualization, accessibility and resource efficiency.

Lastly, audiences build sustainable relationships with brands, when brands manage to reach them emotionally through the brand's contents, brand image, community management, as well as sponsorships. Because of high acquisition costs when using online bidding or relevant online platforms to reach consumers effectively, above mentioned creates a great opportunity for eSports firms in order to acquire new customers and retain them at lower costs. A threat that should not be neglected, on the other hand, is the high demand of customers and their expectation that new products and services implemented, should at least provide the same quality than what they know from other companies in the market (see: Chapter 2.1.3 & Chapter 2.1.4).

Moreover, with eSports striding to become a mainstream phenomenon, the target audience is expected to evolve from avowed gamers to mainstream consumers. Experts have revealed that gamers who watch video games, are more likely to play themselves. Also, in-game purchases are higher among players, who watch another gamer's performance online. The more hours gamers watch, the more likely they are willing to spend money on in-game items. This creates great opportunity for the industry and its future as a mainstream sector. Furthermore, an audience inflow due to the emerging mobile trend and, can be expected. Young people, but especially young females, enjoy gaming on their smartphones. Therewith, also audiences without above-average income have the chance to become part of the eSports environment by an easy accessibility of mobile games. Additionally, streaming, broadcasting, as well as VoD play a major role for the young target market. Lastly, eSports spectators from North America, Asia, and Europe are expected to be accompanied by consumers from following markets, such as: The Middle East and Latin America (see: Chapter 2.1.3 & Chapter 2.1.4).

Great opportunities for ESL Gaming are the outcome. If elements, such as innovation, personalized contents and offers, the demand for new media and channels, omnichannel distribution, CSR and other new trends are considered, new opportunities for generating revenues, arise as a result. With growing numbers in mobile games, female gamers and new international markets, inflows of new audiences can be predicted. Neglecting the social macroenvironment for the development of strategies, will most likely result in unsatisfied consumers and the migration of consumers to competitors.

T – Technology

Technological progress is highly influential in the digital world of eSports. As the part above has already indicated, external technological changes have a great impact on the behavior of consumers and the consequent possibilities for businesses.

Today, more than 50% of the total global population uses the internet and the numbers are expected to grow with new generations growing up with technologies (see: Chapter 2.1). With this development, the role of customers and their role in the business environment is shifting. From being the recipients of information and services, solely, consumers today are information recipients *and* producers for other consumers at the same time (see: Chapter 2.1.4). Furthermore, several terminal devices have made it to the consumer market. Computers and consoles, smartphones and many more internet-based devices, pave the way for great business opportunities and new audiences for eSports firms (see: Chapter 2.1). Moreover, through internet-connected devices, firms are able to collect enormous amounts of data. eSports companies, whose entire business model is based on the use of the world wide web, profit from treasured consumer insights that can be used for improving gaming and to run leagues in the best possible way (see: Chapter 2.1). At the same time, firms are able to implement precise data-based strategies that serve consumer's needs. With the opportunity to reach consumers anywhere and at any point of time, eSports firms are able to offer interaction, persistence, individualised offers, online campaigns and improved customer experience. With this, eSports brands are able to create quality that goes beyond the core product or service offered (see: Chapter 2.1.4). Especially, due to the eSports consumer's affinity to technology, staying innovative can help firms in this sector to stay ahead of competition (see: Chapter 2.1.3 & Chapter 2.1.2). On the other hand, being technological pioneer has a high risk of failure and could end in high costs, attached to technological execution. Innovative lifecycles are only short, and innovation comes to pass with high speed (Wetserman *et al.*, 2006).

E - Environment

Due to growing resource scarcities and carbon dioxide targets installed by governments, environmental factors have become eminently important within external factor analyses and deliver valuable insights for enterprises in today's business environment. With increasing pollution, global warming and the release of other greenhouse gasses, different

stakeholders adapt their demands. By means of example, governments all over the globe have installed regulations, which (will) have an impact on the operations of companies worldwide and activist groups intensify the pressure on society and politics (see: Chapter 2.1.4). Green acting firms might benefit from positive publicity that can exemplary result in higher margins for green products or a better employer branding, while environmental damaging firms may have to deal with negative publicity.

In order to run an eSports firm, large amounts of data, which are produced by gamers, have to be stored in server farms and data centers. By using multitudes of energy for this process, large amounts of carbon dioxide are being released and a deep ecological footprint is the outcome. Future laws and regulations that can include for example higher costs and/or taxes, may interfere with the current data storage activities of the sector in the future (see: Chapter 2.1). Higher operating costs and complication in operations may be the result. Furthermore, due to the currency of the topic, a neglection of the modification to renewable energies could utter an image damage for companies. On the contrary, precociously implemented, firms could be able to stand out as sustainable forerunner companies with a possible boosting effect on a company's image. At last, the fact that other environmental aspects do not have a direct effect on ESL Gaming may be a great advantage for the company. Latter stands to reason, because of the company's internet-based and decentralized business model (see: Chapter 2.1.4).

L - Legal

Regarding the legal macroenvironment of ESL Gaming, experts point out several laws, rules and regulations that need to be considered by companies engaging in the eSports industry. Non-uniform and with a high degree of complexity, gaming law contains several matters for enterprises in this field.

It so happens that depending on the prevailing game discipline, in eSports, different rules are implemented across different games and leagues. In fact, it is a unique case that game publishers and developers, other than in conventional sports, hold the rights on their intellectual property, namely the games they have published or developed (see: Chapter 2.1.2). Therewith, game publishers or developers are of full control when it comes to contents, gameplay, and characters, and are furthermore concerned about the preservation of their trademarks, copyrights, patents and licensing (Petretti *et al.*, 2019). Even online

streaming rights belong to the game publisher or developer. Consequently, players and event organizers have to be especially cautious when making use of games or when they publish videos of their game performance or the performance of others on streaming platforms. Because there is no standardized regulatory common ground, a lack of consistency in professional and competitive gaming can be detected (see: Chapter 2.1.2 and 2.1.3).

Another legal aspect in this ambient is the observance of the Protection of Young Persons Acts. In order to guard the partially minor target audience against frequently harsh game contents, games must be tested for harmful messages and the portrayal of violence, sex and killing, before being published with respective age limits. When it comes to online streaming, data privacy and information security laws, it is compulsory that the laws are abided, especially when minors are involved (Baumann, 2019). However, virtually no barriers, aiming for avoiding the violation of youth protection regulations, are implemented on streaming platforms. For eSports events, local rules on the protection of minors have to be applied, including regulations on serving alcoholic beverages, access controls and identity checks. However, experts highly criticize the rules and regulations on youth protection in eSports and consider them outdated. More rigorous laws and regulations could mean losing a fair proportion of consumers due to either restrictions in game production or age. With less fierce contents, a more mature consumer group may be lost and with higher age limits, young consumers are destined to be dropped (see: Chapter 2.1).

Customer Journey

Due to the enormous diversity in eSports offerings, the definition of a customer journey has been exposed as an extremely complex endeavor. According to Ralf Reichert, CEO of ESL Gaming, the great number of different customer touchpoints that are available in the eSports universe are one reason, why the young eSports industry has not yet managed to gain sound information on their customer's journeys (SPOBIS Gaming & Media, 2019). Another reason is originated in the industry's nature of constant change and evolution, providing new consumer touchpoints on a constant basis. Thus, the vast majority of eSports firms has not been able to collect long-term information on integrated consumer behavior patterns, so far, and much less integrate them into digital processes. Technologies from external providers, who are dealing with customer journeys of fans, do not feature all touchpoints that are existent in the eSports context (SPOBIS Gaming & Media, 2019).

3.7.2 Question 2

Run an internal analysis based on the current fundamentals, demands & potentials of ESL Gaming

In order to make controlled changes within the company, an internal business analysis is of utmost importance. Hence, the internal business environment is a crucial element of strategic planning. By analysing the business organisation and strategy of a firm, strengths and weaknesses of the organisation can be revealed (Akhmetshin *et al.*, 2017).

In this context the business model plays a major role. The Business Model Canvas Tool (BMC) provides insights about the current state of a company and helps to structure, as well as optimise current business models in a descriptive and holistic way (Lukas, 2017). Thus, this chapter features a BMC based on the company insights of ESL Gaming. The BMC will be followed by a closer look at the company's B2C market segmentation, targeting and positioning, as well as its subsequent marketing mix. At last, the competitors and benchmarks will be discussed.

Business Model

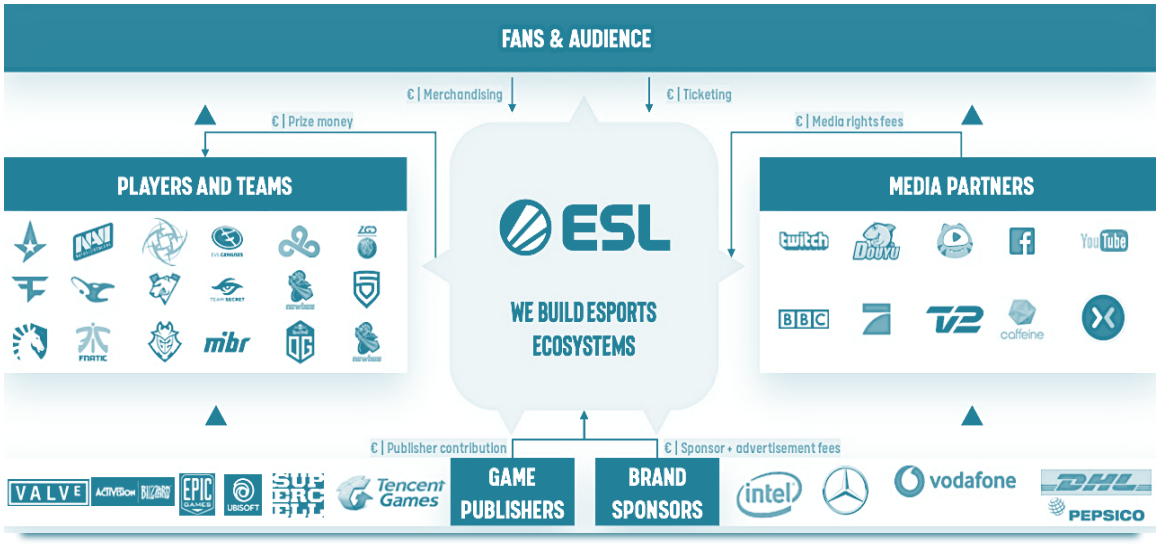


Image 6: Business Model ESL Gaming (ESL, 2019)

Business Model Canvas

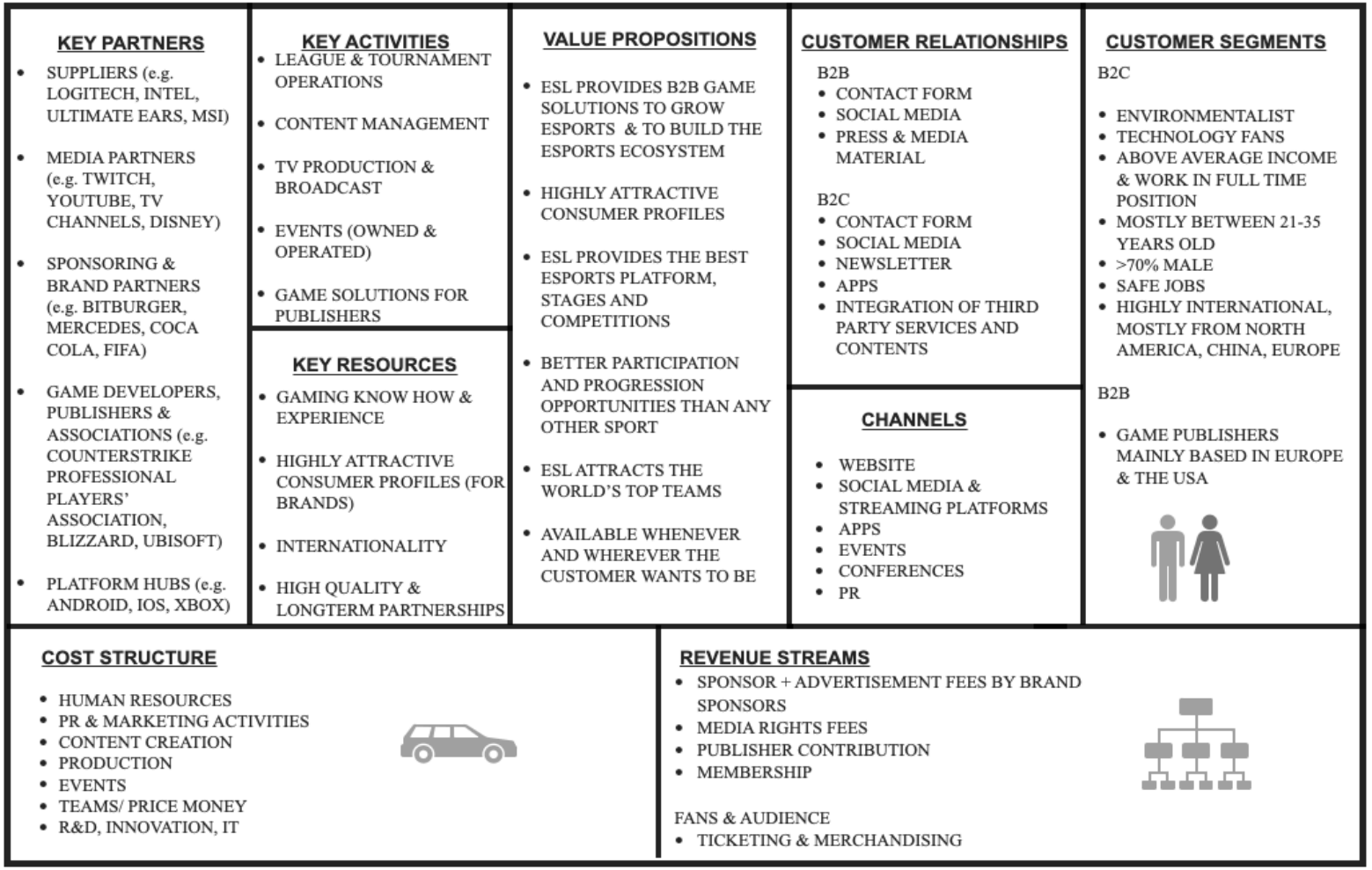


Table 9: Business Model Canvas ESL Gaming (see: Chapter 2.1.1, Chapter 2.1.2, Chapter 2.1.3, Chapter 2.2, Chapter 2.2.1, Chapter 2.2.2, ESL Gaming. 2020 d, ESL, 2019; ESL Gaming, 2020 d, ESL Gaming, 2020 f)

Segmentation – Targeting

Segmentation	**Criteria**	**Target**
Demographic	Gender	>70% male
	Age	Mostly between 21-35 years
	Income	Above-average incomes
	Jobs	Usually in full-time positions
Geographic	Region	Europe, Asia, North America
Psychographic	Lifestyle	Individuals that are young, international digital natives that love electronics. They are mostly gamers themselves and like to be challenged. Individuals like to share their passion with like-minded people, either online or offline. They seek for excitement and learning opportunities, as well as social opportunities outside their everyday lives.
	Personality	Young, modern, digital, intelligent, demanding, highly international, individualists, passionate, loyal, inquisitive, enthusiastic, value solidarity
	Motivations	entertainment, turmoil, finding and meeting like-minded people, admiration and emotional connection to favourite gamers, learning from other gamers, watching top gamers tackle certain challenges, event atmospheres, being part of a select group that understands the complexity of a certain game
	Attributes	Constant interaction with the community and with brand. They like to have access to all the information to make the right decisions
Behavioural	Expectations of benefits	Receiving opportunity for progression and participation among like-minded people and through online and offline channels
	Brand Loyalty	Evaluation of all options before deciding for one option. When they have chosen an option, they are loyal to the brand as long as it continues to fulfil their needs
	Volume	On a regular basis
	End-Use	Entertainment, excitement
	Price Sensitivity	Willing to pay high prices

Table 10: Segmentation Analysis (see: Chapter 2.1.3, Chapter 2.1.4, ESL, 2019)

Brand Positioning

Positioning Statement:	ESL Gaming offers the most amazing stages where players are celebrated as stars of their generation, creates legendary eSports moments for their fans and connects them to their partners, creating a world where everybody can be somebody (see: Chapter 2.2.2).
Brand Identity:	The company ESL Gaming creates the image of a world with endless opportunities and aims for establishing eSports as a sport, where every fan has a voice, a movement where anybody can come in and where every player and partner can be a hero by standing out. The company's identity includes the creation of greater opportunities for advancement and attendance than any traditional sport can provide, complemented by a fun and appealing visual identity (see: Chapter 2.2.2).
Values & Personality:	ESL desires to create a 'cool' stage for young gamers. Gamers should be celebrated as athletes, other than being talked down as nerds. The brand is proud that they have played a significant role in the change of minds, so that gamers today are not stigmatized as nerds anymore (see: Chapter 2.2.1) Therefore ESL wants to provide the best eSports platform, stages and competitions for gamers, participation and progression than any other sport (see: Chapter 2.2.2).

Marketing Mix:

7 P's	**Explanation**
Product	High quality products for each element in the eSports universe: League & tournament operations, membership, content, TV & broadcasting, events/tickets, merchandise, game solutions for publishers
Price	A combination of geographical and premium pricing - prices represent the high top-tier product quality of the brand, but also depend on the location; Fixed prices and subscriptions; Incremental pricing strategy
Promotion	Public relations, advertising, sales promotion, no direct selling
Place	Mostly online: Own website, social media, mobile apps, external streaming platforms Offline: Events, conventions, warehouses, headquarters on each continent
People	Contact possibilities on all customer touchpoints: Contact form, social media, tailored landing pages, customer support; Could be improved with knowledge about the customer journey
Process	Business funding: Mother company Modern Times Group, brand investments Customer Journey: The company has no concrete overview of the customer journey. An implementation of a Customer Relationship Management (CRM) and AI solution is currently too complex due to high number of industry specific customer touchpoints
Physical Evidence	Highly relevant and up-to-date contents, consistent and appealing visual design that accompanies the brand identity, smooth processes, positive ratings and reviews by community, handy refund policies for tangible products, major focus on ethics and a good cooperation among all parties involved, global coverage

Table 11: Marketing Mix of ESL Gaming (see: Chapter 2.2.2, ESL, 2019, ESL Gaming, 2020 d, ESL Tickets, 2020, ESL Shop, 2020, SPOBIS Gaming & Media, 2019)

Competition Analysis & Benchmarking

Although, the industry has experienced immense growth in recent years, eSports is yet an emerging industry. Moreover, it is an industry that merges numerous aspects that have not been seen in such combination so far but are renown from other industries. Because of its pioneer function in the field of eSports events, as well as its evolving product and service variety, ESL Gaming barley has direct competitors that have comparable maturity, experience, internationality and brand recognition (see: Chapter 2.2.2). Nevertheless, when dividing the company's business operations into two elements, namely 'live entertainment' and 'media', competing industry players with great potential and benchmarks with different business origin should be highlighted (SPOBIS Gaming & Media, 2019). In order to stay ahead of competition regarding product and service quality, technology, as well as cost-effectiveness, it is advisable to learn from best practices of other players in the market

(Anand & Kodali, 2008). Therefore, this chapter presents a competitor analysis and companies that function as benchmarks for ESL Gaming's business elements.

Companies, such as Major League Gaming, Dreamhack and Riot Games are successful eSports live entertainment event operators. Whereas ESL Gaming and Dremhack both belong to the same company, particularly the Modern Times Group, other competing event operators, such as Riot Games, are game publishers that focus on the commercialization and event organization of a single eSports discipline. Events by Riot Games are among the most successful events in eSports. Nonetheless, Riot Games serves a very particular audience. As competing tournament operator that focuses on a broad audience, MLG can be seen as a serious competitor (Taylor, 2012). As part of the game producer Blizzard Activision, MLG forms one of the biggest players in the northern American market. Great events and its standing in the console gaming scene are among the core strengths of MLG. Although, ESL Gaming stands out with its range and number of titles, MLG makes life difficult for ESL North America, especially through prerogatives on Blizzard's game rights (see: Chapter 2.2.2; Scholz, 2019; Taylor, 2012).

Festivals, such as Tomorrowland, function as great benchmarks for ESL Gaming's live entertainment section. Regarding the creation of customer experience, Tomorrowland builds a great example for ESL Gaming. With advertisement full of emotions and at the pulse of time, Tomorrowland manages to evoke the customer's desire to attend their festivals every year. From the pre-video to social media awareness creation, the event itself and a post-video of their event, Tomorrowland evokes pure sensation amidst the audience. With their slogan "*Live today, love tomorrow, unite forever*" (Vanderheyden, 2017), Tomorrowland is fairly summarized, and its content can be recognized in every part of the event's execution – from the registration process, the food and beverage facilities and even restroom situation. Every aspect is in line with the overall motto and transports contrast to everyday life. The company's team appeals to their customers to experience the day as if it was the only thing that counts and guides them to their experience with an exceptional online as well as offline involvement at each touchpoint of their journey (Vanderheyden, 2017).

Regarding the media business side, ESL Gaming's fiercest competitors, as well as benchmarks are YouTube and Twitch. ESL TV was the first Internet Protocol TV channel and started with broadcasting all German events by ESL Gaming for their fans (ESL Play, 2020). It was YouTube, however, that has revolutionized the way people want to engage, learn, connect and how they want to be entertained (Johnsmeyer *et al.,* 2013). Throughout

the past years, YouTube has evolved from a platform made for video sharing to a platform for creating real and trustworthy user-generated content. Moreover, consumers have the chance to build their own success story on YouTube through monetary compensation for their creations. Plenty of YouTube creators have led the way and found fulfillment in self-actualization. Thereby, YouTube's own content has been implemented by contents from all different kinds of areas (Holland, 2016). Particularly, the eSports industry has profited from YouTube, its offers and brand recognition. The company has managed to reach 95% of the gaming community with live-eSports content and live non-eSports contents. Consumers value the accessibility at any time on any device and that they are provided with contents of their interests. YouTube's key to success is to reach the consumer wherever the consumers decides to spend their time (Johnsmeyer *et al.,* 2013).

Twitch has accomplished to become the most renown streaming platform within a short time period and a trailblazer for the eSports industry. Especially young gamers and fans love the company and its services. Through live streaming, contents are transported authentically and not staged. Therefore, viewers participate in the real gaming experience of the broadcaster. Through the chat function, viewers and streamers have the possibility to be in direct contact. No other social media platform provides an interaction for their community, that is this close. Viewers have the chance to exchange information, but also be part of the streamer's gaming experience by interacting and participating actively in the actual game play. Twitch has given the industry a great upsurge by underlining the potential of eSports as spectator sport and the consumer's demand to play an active part in their customer experience. Finally, the company rounds their offer by inviting their consumers to on-site conventions and offer their industry players to broadcast their games, events and tournaments on Twitch's online service platforms (Danao, 2020).

3.7.3 Question 3

Based on the results from Q1 & Q2, develop a dynamic SWOT analysis and extract conclusions on the goals and objectives for ESL Gaming.

The SWOT Analysis is a tool that supports businesses in their strategical management planning and provides a framework to group internal and external environmental factors. Hereby internal factors are displayed by strengths and weaknesses and external factors by opportunities and threats (Pickton & Wright, 1998).

Strengths	Weaknesses
S1. Leading global eSports company in a fast-growing market → mature and experienced team S2. Great revenue growth due to intensified focus on brand investors in the last years, as well as highly attractive consumer profiles S3. Building eSports ecosystems by growing new players, audience & governance S4. Very broad publisher portfolio, brand sponsors and media partners S5. Great base for improving consumer relationships: High quality products, best stages &competitions, Play-Watch-Learn-Engage approach, most relevant game & platform hubs, R&D, alignment	W1. No implemented CRM solution and thus no clearly defined Customer Journey W2. Little focus on consumers, because of intensified focus on brand and media partners in the last years W3. Monetization backlog W4. Start to run out of attraction for brand and media partners/brand investors
Opportunities	**Threats**
O1. State intervention: eSports may be acknowledged as sport soon due to involvement & positive feedback by and with governments worldwide O2. COVID-19: growing online and streaming businesses due to the consequences of the Coronavirus pandemic; possibility to reach new long-term audiences O3. Investor friendly market with enormous growth rates, an eSports evolution from a niche market to a mainstream phenomenon & millennials as major target market, who are the digital entertainment generation O4. Emerging business opportunities due to growing internet user market, existing and upcoming high-quality internet devices, valuable consumer insights due to data collection options, and data-based strategy possibilities O5. Importance of brand & content quality in young consumer market: Cheaper options to reach & retain consumers compared to other options (e.g. online bidding)	T1. Implementation of policies & targets by governments regarding ecological footprint, youth protection and gaming: Could evolve in losses, higher costs, taxes, image damages and consumer migration to alternative offers T2. COVID-19: Event outages due to Corona crisis T3. eSports rules & regulations: Game right issues, lack of consistency and organizational structures, because game publishers & developers are in full control of game rights, contents, licensing & co T4. Competition: Being unprepared to exhaust consumer market potential and build long-term relationships, as well as losing consumers to more innovative competitors due to short innovation lifecycles & high costs for technological innovations testing T5. Extensive consumer demands: Expect at least the same product quality than known from other companies; further expectations of young consumers: CSR, personalized contents & offerings, resource efficiency, omnichannel options & experiences, new media

Table 12: SWOT ESL Gaming (see: Results Q1 & Q2)

S-O Strategy	W-O Strategy
[S1xO4] In order to stay the leading eSports company, further develop offers according to emerging business opportunities, such as data-based marketing strategies or the availability of products/services on any (new) device. [S2xO2] Use the boost in online & streaming businesses due to COVID-19 to access and grow audiences and with this increase revenues as well as attractivity for brand investors. [S3xO1] As soon as eSports is acknowledged as sports discipline, broaden ecosystem scope and build more fully-grown properties and game pyramids. [S4xO3] Expand publisher, brand sponsor and media partner portfolio by making use of the market's evolution to a mainstream phenomenon and attach & retain new mainstream consumers. [S5xO5] Grow consumer relationships at comparable low costs by focusing particularly on brand image, personalization and contents in young consumer market.	[W1xO4] To fully exploit the consumer market with all its possibilities and to stay ahead of competition, the firm should invest in a CRM system and map customer journeys. [W2xO2] Use the newly emerging opportunities caused by COVID-19 to compensate the company's default regarding audience growth. [W3xO5] Balance monetarization backlog by building long-term customer relationships at high cost efficiency. [W4xO3] Invest in brand building and customer relationships to become more attractive for brand and media partners/brand investors.
S-T Strategy	**W-T Strategy**
[S1xT2] Invest in online business in order to compensate event outages due to COVID-19 and stay the leading global eSports company. [S3xT1] Make use of the company's industry influence and guide industry towards adjusting offerings according to policies & targets that may be implemented by governments. Develop image campaigns for more complicated aspects, such as youth protection, so that sanctions turn out relatively slight. [S3xT3] Further elaborate on ecosystems and the growth of governance to counter lacking structures in eSports rules & regulations [S5xT4] Make use of consumer market potential and build customer relationships by developing an engagement strategy in order not to lose (potential) customers to competitors that may be more innovative. [S5xT5] Intensify B2C business focus in order to improve current offerings & mechanisms that lead to long-term consumer relationships. Consider competing offer quality, CSR, personalized contents & offerings, resource efficiency, new media and omnichannel options & experiences	[W1&W3xT4] Implement CRM solution in order to define the customer journey and thus be able to exhaust the consumer market potential, build long-term relationships, stay ahead of competitors, as well as overcome monetization backlog. [W2 &W4xT5] Invest in growing and retaining consumers in order to be able to meet extensive consumer demands, make them loyal customers and become more attractive for brand and media partners/brand investors.

Table 13: SWOT Analysis ESL Gaming

Throughout the SWOT analysis specific elements have emerged to be crucial elements for the future decision making of the company. In order to develop successful and performance-based strategies, ESL Gaming should focus on the following aspects: customer growth and relationships, offer portfolio expansion, development and scope of ecosystems.

Hereby the most substantial aspects with the highest influence on future success, is represented by customer growth and relationships, as well as the further development of offerings. In order to stay the leading player in eSports and to become the world's most powerful eSports brand, the company ESL Gaming is advised to focus on customer growth and retaining consumers through the creation of long-term relationships and an offer portfolio that matches the constantly evolving consumer needs.

3.7.4 Question 4

Consider all elements of customer engagement and develop recommendations for a B2C customer engagement strategy that helps ESL Gaming to retain its strong market position and to become the world's most powerful company in eSports.

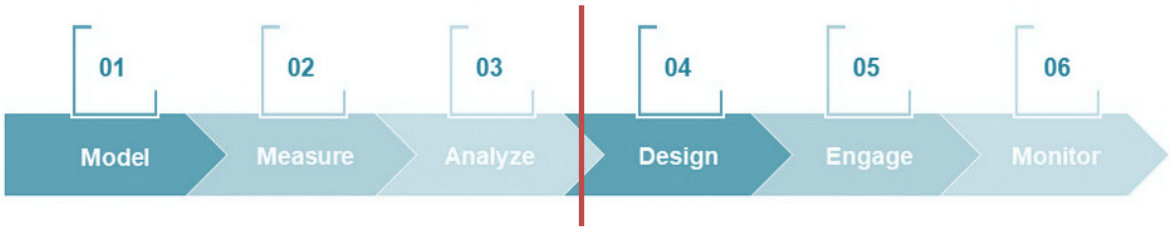


Image 7: Customer Engagement Model Continuous Life Cycle (Slide Team, 2020)

The creation of customer relationships cannot be imagined without engagement. For the development of an engagement strategy it is advisable to model customer behaviors, measure the actual circumstances, analyze customer behaviors and trends, design a customer engagement roadmap, engage customers and opinion leaders and finally usher measures for monitoring the performance of customers and operations (see: Image 7). With answering the previous case questions, the steps model, measurement and analysis have been covered. In a next step, a roadmap for enhancing customer relationships through customer engagement will be elaborated. Furthermore, specific actions for engaging customers and opinion leaders will be presented. Lastly, monitoring measures will be introduced.

Design

By means of developing a successful customer engagement strategy, it is of utmost significance for ESL Gaming to accommodate all fundamental elements of customer engagement. When aligning all stakeholders, as well as their product portfolio, culture and tone-of-voice, the company has the chance to achieve long-term consumer-brand relationships.

By assembling experiences around their products/services, ESL Gaming can build emotional connections with consumers and provide added value to their products/services, which is a crucial factor for setting apart from offers of competing companies. For creating relationships, ESL Gaming should build and enhance trust. A great driver for creating trust and thereby relationships, is customer engagement. With strong relationships and loyal customers, ESL Gaming as a brand, becomes more attractive for brand investors and partners, which again is critical for the long-term success of the company. When they accomplish to grow and retain customers so that customers become loyal to the brand, ESL Gaming has the ability to stay ahead of newly emerging competition, regardless to their innovation capability. Moreover, the company has the chance to balance out its monetization backlog and recent default on audience growth. Also, ESL Gaming will be able to serve extensive consumer demands, and with a greater focus on online options, compensate event outages that are originated in the COVID-19 pandemic. With this, admirable effects, such as co-creation of customers, lower advertising costs and higher cost-effectiveness can be obtained.

Therefore, a customer engagement strategy for ESL Gaming should include organizational alignment, a relevant product portfolio, a plan for future portfolio enlargement and measures to attain long-lasting brand-consumer relationships. Most importantly, assorted actions for enhancing customer engagement should be evaluated and implemented throughout the different stages of the relationship journey. A CRM system and the AER model are great tools that can help to provide customers with the right services at the right moment of their lifecycles. The CLV can help to monitor engagement strategies by measuring each customer's return on marketing investments.

Engage

Organization

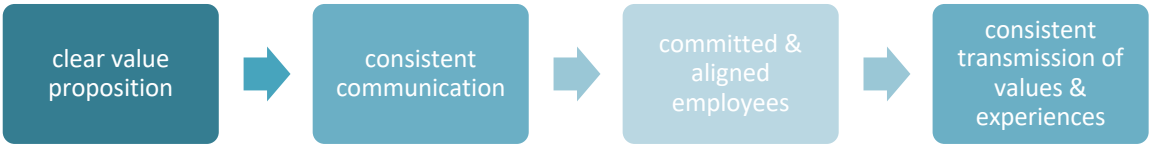


Figure 9: Total Engagement Model (Roberts & Alpert, 2010)

ESL Gaming should design an atmosphere for their employees in which they can develop a linkage to the brand. Engaged workers are one of the key elements for attaining engaged customers. A precise value proposition that assembles the key aspects of a brand's value is the groundwork for consistent communication within an organization and to the customer. Employees that are engaged will be more devoted to the brand and to their task. Their emotional connection to ESL Gaming will be delivered straight to the customer and will leave the desired impression on the customer. A positive company culture helps transmitting the company's values consistently and further influence customer experiences (see: Figure 9). The results are lower HR and advertisement costs on the one hand and an increase in trust, loyalty, positive WOM and growth among employees and customers on the other.

Execution Recommendations:

> *ESL Gaming is the company where everybody can be somebody. It provides the best esports platform, stages and competitions. The company offers better participation opportunities than any other sport, attracts the world's top teams and is available whenever and wherever the customer wants to be* (see: Chapter 2.2.2).

Beneficial to communicating the value proposition of ESL Gaming persistently, the company should:

- Hire employees that are gamers themselves or at least have an emotional connection to gaming, so that they are able to understand the customer's motivations
- Employ people that seek for constant development. Enhance this mindset by hiring people that not necessarily have the typical industry related CV. Offer trainings for each employee in each quarter period. When the employee has accomplished a

professional training, s/he has the chance to develop skills in an area foreign to his/her job. Subsequently, the company can endorse an activity or course outside of work (e.g. training in specific eSports disciplines, computer course, course that enhances creativity or an equilibrium to everyday work). If the employee has seized one course of each category during one quarter, s/he has the possibility to receive a free event ticket or membership to an ESL product as additional incentive to further underline the company's sincerity of supporting the employee's development towards being the best version of themselves in a company where everybody can be somebody

- Since customers can access the brand and its offerings wherever and whenever, employees should, to a realistic extent, have the possibility to work from wherever and whenever. Equip each employee with portable devices (e.g. laptop, tablet, company phone) and discuss preferred working models with each employee individually (e.g. home office, co-working memberships, on-site office work, travel options while working, relocation, etc.)
- Implement a "employee story of the month" that will be posted on social media channels. Tell the story of an employee. Include his/her career history and current work situation, as well as a personal comment/review on the company for creating credibility, trust, transparency, free user-generated content and awareness

Product Portfolio

For the future, the company's aim is to keep investing in the B2B business. Herewith, owned and operated products, as well as cooperation with publishers are in main focus for expanding revenue growth. However, with regards to remain the leading eSports company and become the world's most powerful eSports brand, it is supremely important for ESL Gaming to boost the B2C business and its offerings. Relevance, convenience and quality of a product can help to build customer relationships and increase customer's calculative commitment (see: Chapter 3.3.1.2). Customers expect at least the same product quality from ESL Gaming than what they are used to from other companies in order to be satisfied (see: Chapter 2.1.4). Offering new and innovative products or services first, will help the company to raise the customers' interest and with this stay ahead of potential competition. Especially for companies operating in the eSports industry, the development of products and offers according to newly emerging business opportunities is essential. The availability of products

and services on any device, as well as data-based contents are crucial elements. Furthermore, CSR, resource efficiency and attention to certain product features that are important to customers can be drivers for building customer relationships. If products are consistent and well aligned with the needs and values of a customer, it is likely that the customer will grow a connection by matching own values with those of the brand, grow his/her relationship with the brand and finally share positive experiences with other (potential) customers (see: Chapter 3.3.1.2). Co-creation in form of positive WOM does not only help to create brand loyalty among customers, but further creates trustworthy and cost-effective user generated content. Advertising costs of ESL Gaming will decrease, and purchase intentions increase.

Execution Recommendations:

- Invest in the expansion of product research, development and innovations to stay ahead of competing offers
- Develop products according to current and future trends:
  - Expand VOD offerings and coverage on Netflix (and similar), especially now that eSports events and on-site tournaments, due to COVID-19, cannot take place, neither be broadcasted. Live non-eSports hours provide great potential due to high demand of spectators
  - Offer spectators and streamers a platform to interact. Especially due to the consequences of COVID-19 and the related event outages, the development of online opportunities has become imminently important. Offer streamers a space for self-actualization and incentivize their participation on the ESL Gaming site. A chat function to directly connect to streamers and with other spectators is fundamental for customers
  - ESL Gaming should further use its forerunner position to advocate for betting in eSports in general, but particularly in countries they are operating in. Prepare for betting authorization by building partnerships with betting companies and invest in betting infrastructure, such as real-life-betting opportunities in order to bring customer interaction to the next level
  - Focus primarily on online options for the near future. Long-term, and after the Coronavirus crisis, develop offerings that include online and offline options (e.g. provide ESL Gaming bars or cafés in which gamers can come together, play together and against each other to exchange knowledge as well

as skills, and become friends; think about a new event series for festival-lovers that uses Tomorrowland as a benchmark)

- Stretch mobile options and availabilities. Promote mobile eSports disciplines and partner up with game developers and publishers that focus on promising mobile games in order to reach broader audiences, female audiences and audiences without above-average income

- Take care of CSR by
  - Using the company's industry influence for more uniformity and transparency in eSports. Encourage industry players adjust offerings according to gaming policies and targets that are likely to be implemented by governments in the future. Therewith changes by ESL Gaming will not carry as much weight for customers and the industry will not suffer from image damages
  - Developing image campaigns together with the WHO for more sensitive aspects, such as the Protection of Young Persons Acts. With this ESL Gaming can express its concern about their consumers and influence possible sanctions by governments
  - Elaborating an action plan for the high amounts of energy used on data centers and server farms, so that the company's ecological footprint will be increased
- Enlarge merchandise offers
- Hire experts that help provide solutions to the current complexity of implementing CRM and AI options. Subsequently, due to its ability to create precise customer profiles and customer journeys, highest priority has to be given to investing in a CRM solution. A CRM system provides the possibility to exhaust the consumer market potential by ascertaining customer touchpoints with the brand. ESL Gaming would be able to serve the customer demands according to their individual customer journeys. Each customer can be served with an individual and personalized customer experience and can be measured according to its CLV and customer lifecycle stage.

Customers

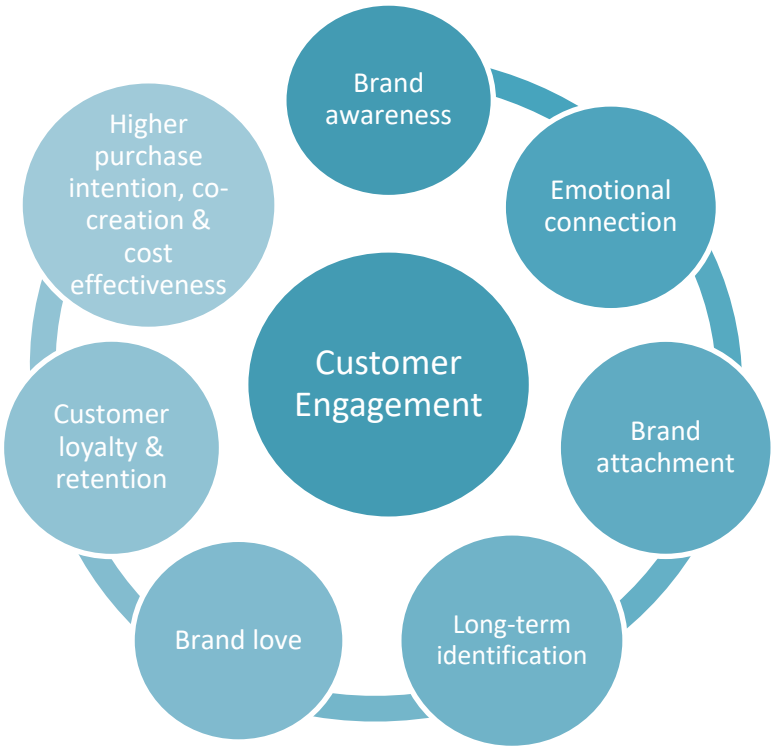


Figure 10: Relationship Journey (see: Chapter 3.3.1.1 & Chapter 3.3.1.2)

In order to grow their audience, ESL Gaming has to attract new customers and retain existing customers. When branding, internal marketing and the transmission of the right services are joined, and stakeholders, culture, tone-of-voice and product portfolio are aligned, ESL Gaming will be able to create brand awareness and customer satisfaction among (potential) customers and will further be able to make them connect emotionally with the brand. Through emotional connection, the customer will feel attached to the brand, which can evolve in long-term identification, if the brand manages to enhance the customer's emotional development in the right way. Long-term identification with a brand can resolve in brand love, which is a major driver for customer loyalty and customer retention. Loyal and retained customers are likely to become brand advocates that co-create with the brand by sharing positive WOM with the brand community. Higher satisfaction, purchase intentions amidst customers and a higher cost-effectiveness is the result. With certain activities along the afore-mentioned steps and with consideration of a customer's lifecycle stage, ESL Gaming will be able to fetch customers in the best and most effective way. Activities should therefore be implemented according to the AER model, considering all steps of the relationship journey and lifecycle stages of a customer (see: Figure 10) in the respective phases.

Execution Recommendations:

Acquisition Stage

- Build brand awareness in order to reach potential customers
  - Implement omnichannel strategy according to customer journeys
  - Maximize organic social media presence of ESL Gaming and build a vivid community; focus specifically on management of the community → inform, provide non-live eSports content, answer all questions, interact on all social media channels of ESL Gaming
  - Cooperate with major eSports influencers, create awareness campaigns on a large scale and sign on streamers (e.g. NINJA) who are important for the target market and function as brand ambassadors
  - Enter partnerships with brands that are relevant for customers, as well as with betting companies for being forerunner in live-interaction activities
  - Be a pioneer in taking care of CSR, by fixing deep ecological footprint and Protection of Young Persons Acts
  - Publish a marketing campaign targeting women; Great potential consumer market; best reached through mobile
  - Attract trailing markets (e.g. Middle East & Latin America) with online and TV coverage
  - Invite customers to special events, such as LAN parties; as in "back in the days", night events, or "meet your Guild" events

Expansion Stage

- Build emotional connection, so that customers start to attach to the brand and identify with ESL Gaming; implement activities that lead to brand love
  - Communicate frequently with your customers and community; provide them with opportunities to exchange their knowledge and skills, as well as to connect with like-minded people; provide community with interactive content (e.g. raffles, quizzes, memes, challenging problems, slightly provocative statements)

- Take feedback on existing products and desired products/services; ESL Gaming can do so by in-product messaging; specific and significant information will be delivered to a certain user segment
- In-message customers through emails, mobile, social media with relevant and individualized content; e.g. purchase recommendations based on their purchasing behavior and interests
- Provide real time messaging options (e.g. game live ticker)
- Design customized content that answers pressing questions of customers in advance, as well as contents that builds up stories around teams, leagues & events
- Answer customer requests and calls instantly
- Overcompensate complaining customers in order to make them loyal customers
- Focus on customers' needs according to their lifecycle stage; send automated emails according to great milestones in the customer's life
- Discounts for returning customers; e.g. at events
- Invite customers to special events, such as LAN parties as in "back in the days", night events, or "meet our Guild"-events

Retention Stage

- Intensify customer-brand relationship, predict customer lifecycles and provide offers according to individual changes; aim attention at brand loyalty to retain customers, decrease churn rates and achieve high purchase intentions, cost-effectiveness, as well as co-creation by customers
  - Communicate new features and updates; include customers into the process of prioritizing products and features
  - Invite loyal customers to product testing occasions
  - Invite most valuable customers with a personalized invitation to free trials of new products; make them be part of a select group
  - VIP promotions, particularly for most valuable customers; e.g. invite customers to a conference or summit in order to develop their skills and meet sympathizers; invite gaming superstars as speakers and/or for giving masterclasses

- Reward customers for user-generated content, ratings and reviews with discounts
- Present individualized offers to customers; e.g. provide people that do not like to mix with people the opportunity to be part of the thrilling and exciting atmosphere of an event through a personal "event buddy" that experiences the event together with the customer through a body camera and at the instruction of the customer
- Provide catered and spacious chill-out/gaming areas at on-site events

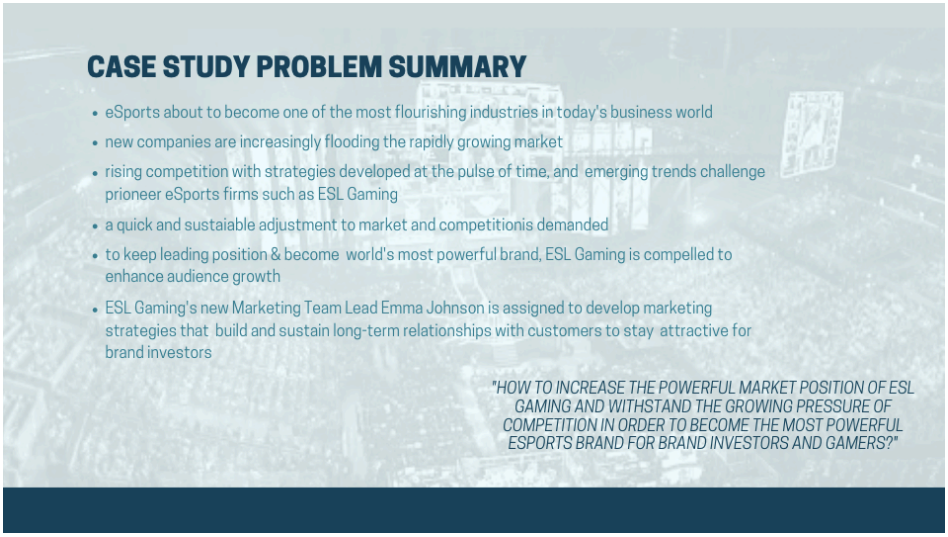
Monitor

Besides reporting provided by external companies (e.g. social media sites), a CRM solution helps to contrast marketing activities with customer activities. In order to find out whether ESL Gaming's engagement strategy is fruitful, it is important to identify the Return-of-Investment of each marketing activity. Therefore, it is essential to perform an actual state analysis and afterwards implement engagement activities bit by bit, instead of all at once. This way, it is possible to uncover the effect of each marketing activity when analyzing its performance. Furthermore, ESL Gaming is advised to calculate the CLV of each customer. Experts have revealed that the CLV changes according to the level of loyalty a customer has towards a brand. As a result, ESL Gaming will not only be able to measure, *if* engagement activities have been successful, but further which customer is situated in which loyalty stage, as well as the value of each customer to the brand. Accordingly, ESL Gaming will be able to adjust measures and activities for the future in order to serve each customer according to its preferences and value to the company. Hereby, ESL Gaming has the chance to continuously improve its efficiency and cost-effectiveness. Anonymous engagement surveys and individual feedback chats with employees on a regular basis should be performed. ESL Gaming can adjust measures and activities with regards to employee feedback.

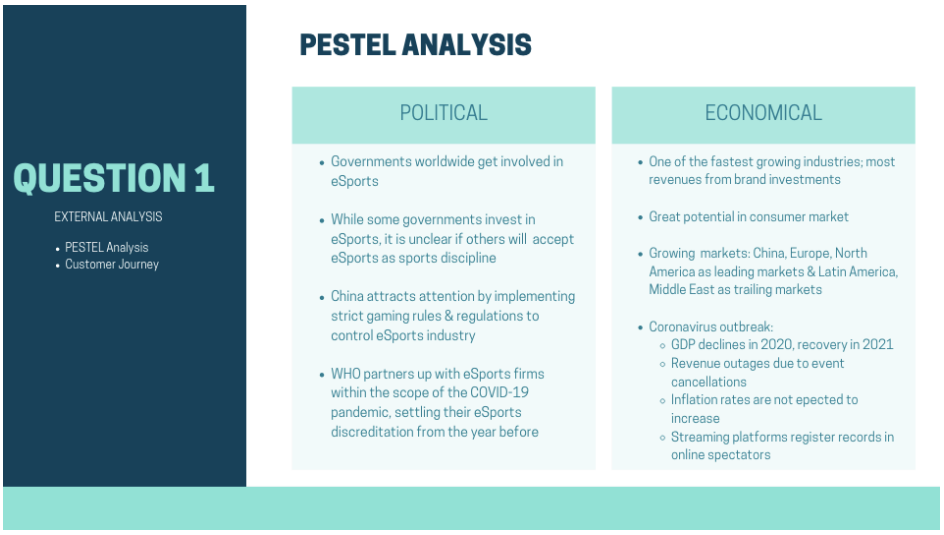
3.8 Case Study Resolution Slides

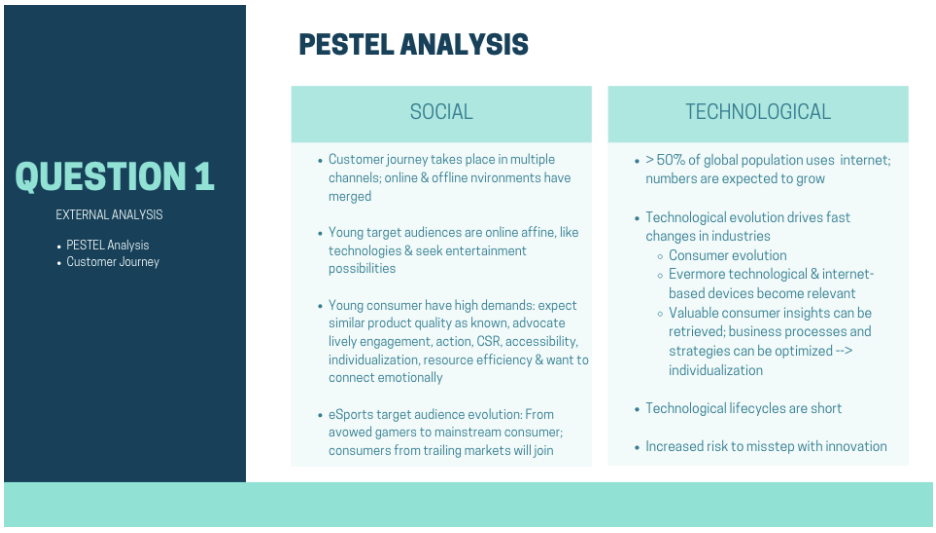







CASE STUDY RESOLUTION PROPOSAL
QUESTION 1
EXTERNAL ANALYSIS
QUESTION 2
INTERNAL ANALYSIS
QUESTION 3
DYNMAIC SWOT
QUESTION 4
RECOMMENDATIONS FOR ENGAGEMENT STRATEGY


QUESTION 1
EXTERNAL ANALYSIS
• PESTEL Analysis
• Customer Journey
PESTEL ANALYSIS
POLITICAL
• Governments worldwide get involved in eSports
• While some governments invest in eSports, it is unclear if others will accept eSports as sports discipline
• China attracts attention by implementing strict gaming rules & regulations to control eSports industry
• WHO partners up with eSports firms within the scope of the COVID-19 pandemic, settling their eSports discreditation from the year before
ECONOMICAL
• One of the fastest growing industries; most revenues from brand investments
• Great potential in consumer market
• Growing markets: China, Europe, North America as leading markets & Latin America, Middle East as trailing markets
• Coronavirus outbreak:
◦ GDP declines in 2020, recovery in 2021
◦ Revenue outages due to event cancellations
◦ Inflation rates are not epected to increase
◦ Streaming platforms register records in online spectators


QUESTION 1
EXTERNAL ANALYSIS
• PESTEL Analysis
• Customer Journey
PESTEL ANALYSIS
SOCIAL
• Customer journey takes place in multiple channels; online & offline nvironments have merged
• Young target audiences are online affine, like technologies & seek entertainment possibilities
• Young consumer have high demands: expect similar product quality as known, advocate lively engagement, action, CSR, accessibility, individualization, resource efficiency & want to connect emotionally
• eSports target audience evolution: From avowed gamers to mainstream consumer; consumers from trailing markets will join
TECHNOLOGICAL
• > 50% of global population uses internet; numbers are expected to grow
• Technological evolution drives fast changes in industries
◦ Consumer evolution
◦ Evermore technological & internet-based devices become relevant
◦ Valuable consumer insights can be retrieved; business processes and strategies can be optimized --> individualization
• Technological lifecycles are short
• Increased risk to misstep with innovation

QUESTION 1

EXTERNAL ANALYSIS

- PESTEL Analysis
- Customer Journey

PESTEL ANALYSIS

ENVIRONMENTAL

- Today's world is confronted with resource scarcities, global warming, pollution and greenhouse gases
- Governments have already implemented carbon dioxide targets; stricter government interferences including taxes, laws & regulations are expected
- eSports firm need large data center and server farms to run their businesses, leading to a deep ecological footprint

LEGAL

- Gaming law is complex and not uniform; different regulations exist across different games & leagues, because rights belong to publisher/developer of a game
- no regulatory common ground leads to lack of consistency in eSports
- Due to young consumers, the Protection of Young Persons Acts plays a major role
  - experts criticize rules, regulations & harsh contents in eSports
  - especially online, nearly no actions for youth protections can be found

QUESTION 1

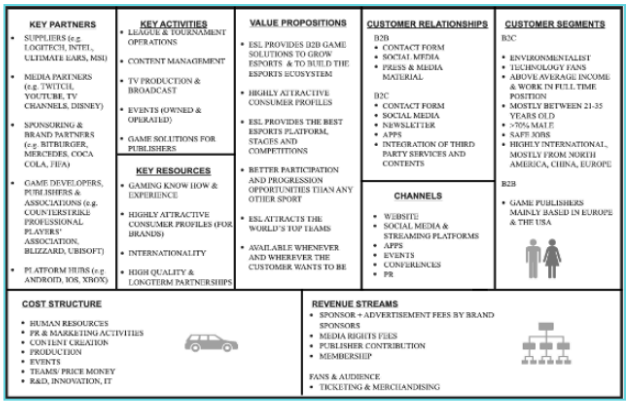
EXTERNAL ANALYSIS

- PESTEL Analysis
- Customer Journey

CUSTOMER JOURNEY

- Enormous diversity in eSports offerings and complex customer journeys
- Various and constantly changing customer touchpoints in eSports complicate long-term collection of information on consumer behavior --> most eSports firms do not have information on their customer's journeys
- Most eSports firms have not yet integrated consumer behavior patterns into digital processes
- Technologies from external providers do not feature all touchpoints that are existent in the eSports context

BMC



QUESTION 2

INTERNAL ANALYSIS

- BMC
- STP
- MM
- Competition & Benchmarks

SEGMENTATION - TARGETING

Segmentation	Criteria	Target
Demographic	Gender	>70% male
	Age	Mostly between 21-35 years
	Income	Above-average incomes
	Jobs	Usually in full-time positions
Geographic	Region	Europe, Asia, North America
Psychographic	Lifestyle	Individuals that are young, international digital natives that love electronics. They are mostly gamers themselves and like to be challenged. Individuals like to share their passion with like-minded people, either online or offline. They seek for excitement and learning opportunities, as well as social opportunities outside their everyday lives.
	Personality	Young, modern, digital, intelligent, demanding, highly international, individualists, passionate, loyal, inquisitive, enthusiastic, value solidarity
	Motivations	entertainment, turmoil, finding and meeting like-minded people, admiration and emotional connection to favourite gamers, learning from other gamers, watching top gamers tackle certain challenges, event atmospheres, being part of a select group that understands the complexity of a certain game
	Attributes	Constant interaction with the community and with brand. They like to have access to all the information to make the right decisions
Behavioural	Expectations of benefits	Receiving opportunity for progression and participation among like-minded people and through online and offline channels
	Brand Loyalty	Evaluation of all options before deciding for one option. When they have chosen an option, they are loyal to the brand as long as it continues to fulfil their needs
	Volume	On a regular basis
	End-Use	Entertainment, excitement
	Price Sensitivity	Willing to pay high prices

QUESTION 2

INTERNAL ANALYSIS

- BMC
- STP
- MM
- Competition & Benchmarks

POSITIONING

Positioning Statement	• offers most amazing stages, where players are celebrated as stars of their generation, create legendary eSports moments for our fans and connect them to our partners, creating a world where everybody can be somebody.
Brand Identity	• creates a world with endless opportunities and aims for establishing eSports as a sport, where every fan has a voice, a movement where anybody can come in and where every player and partner can be a hero by standing out • creates greater opportunities for advancement and attendance than any traditional sport, complemented by an appealing visual identity
Value & Personality	• desires to create a 'cool' stage for young gamers • Gamers should be celebrated as athletes, not talked down as nerds • The brand is proud to play a significant role in the change of minds • Therefore ESL wants to provide the best eSports platform, stages and competitions for gamers, participation & progression than other sports

QUESTION 2

INTERNAL ANALYSIS

- BMC
- STP
- MM
- Competition & Benchmarks

MARKETING MIX

7 P's	Explanation
Product	High quality products for each element in the eSports universe: League & tournament operations, membership, content, tv & broadcasting, events/tickets, merchandise, game solutions for publishers
Price	Combination of geographical & premium pricing - prices represent the high product quality of the brand, but also depend on the location; Fixed prices and subscriptions; Incrementalpricing strategy
Promotion	Public relations, advertising, sales promotion, no direct selling
Place	Mostly online: Own website, social media, mobile apps, external streaming platforms Offline: events, conventions, warehouses, headquarters on each continent
People	Contact possibilities on all customer touchpoints: Contact form, social media, tailored landing pages, customer support; Could be improved with knowledge about the customer journey
Process	Business funding: Mother company MTG, brand investments Customer Journey: No precise overview; implementation of a CRM solution currently too complex due to high number of specific customer touchpoints
Physical Evidence	Relevant contents, consistent & appealing visual design that accompanies brand identity, smooth processes, positive customer reviews, handy refund policies, major focus on ethics and a good alignement of all parties involved, global coverage

QUESTION 2

INTERNAL ANALYSIS

- BMC
- STP
- MM
- Competition & Benchmarks

COMPETITION & BENCHMARKS

- Competitors
  - Only little direct competitors with comparable experience, internationality and brand recognition
  - Unique composition of business elements
  - eSports companies: MLG, Dreamhack, Riot Games
- Benchmarks:
  - Large events/festivals, such as Tomorrowland
  - Streaming provider, such as YouTube, Twitch

QUESTION 2

INTERNAL ANALYSIS

- BMC
- STP
- MM
- Competition & Benchmarks

QUESTION 3

DYNAMIC SWOT

- SWOT Analysis
- Dynamic SWOT

SWOT ANALYSIS

STRENGHTS	WEAKNESSES
1. Leading global eSports company in fast-growing market	1. No implemented CRM solution and thus no clearly defined Customer Journey
2. Great revenue growth due to intensified focus on brand investors in the last years and highly attractive consumer profiles	2. Little focus on consumers, because of intensified focus on brand and media partners in the last years
3. Building eSports ecosystems by growing new players, audience & governance	3. Monetization backlog
4. Broad publisher portfolio, brand sponsors and media partners	4. Start to run out of attraction for brand and media partners/brand investors
5. Great base for improving consumer relationships	

QUESTION 3

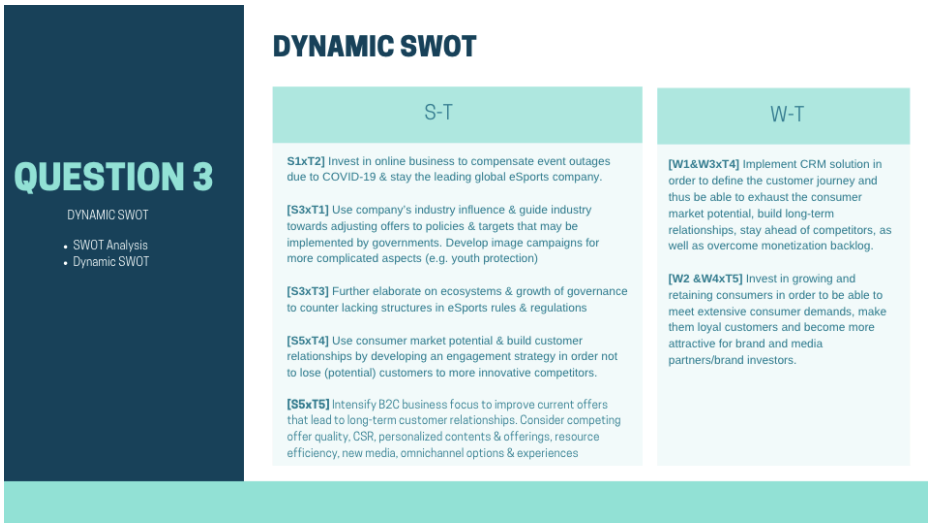
DYNAMIC SWOT

- SWOT Analysis
- Dynamic SWOT

SWOT ANALYSIS

OPPORTUNITIES	THREATS
1. State intervention: eSports may be acknowledged as sport soon	1. Implementation of policies & targets by governments could evolve in losses, costs, taxes, image damages & consumer migration
2. COVID-19: growing streaming businesses; possibility to reach new long-term audiences	2. COVID-19: Event outages due to Corona crisis
3. Investor friendly market with enormous growth rates	3. eSports rules: Publishers & developers are in full control of game rights, contents, licensing & co
4. Growing internet user market, high-quality internet devices, valuable consumer insights, and data-based strategy possibilities	4. Competition: Being unprepared to exhaust consumer market & build long-term relationships; losing customers to innovative competitors
5. Importance of brand & content quality for young consumers: Cheaper options to reach & retain consumers compared to others (e.g. online bidding)	5. Extensive consumer demands: Expect at least same product quality than known, CSR, personalized contents & offerings, resource efficiency, omnichannel options & experiences, new media


QUESTION 3
DYNAMIC SWOT
• SWOT Analysis
• Dynamic SWOT
DYNMAIC SWOT
S-O
[S1xO4] For staying leading eSports company, further develop offers according to emerging business opportunities, such as data-based marketing strategies or the availability of products on all (new) devices.
[S2xO2] Use boost in online & streaming businesses to access and grow audiences and with this increase revenues as well as attractivity for brand investors.
[S3xO1] When eSports is acknowledged as sports, broaden ecosystem scope & build more fully-grown properties and game pyramids.
[S4xO3] Expand publisher, brand sponsor and media partner portfolio by making use of market's evolution towards mainstream and attach & retain new the consumers.
[S5x05] Grow consumer relationships at low costs by focusing particularly on brand image, personalization and contents
W-O
[W1xO4] To fully exploit the consumer market with all its possibilities and to stay ahead of competition, the firm should invest in a CRM system and map customer journeys.
[W2xO2] Use the newly emerging opportunities caused by COVID-19 to compensate the company's default regarding audience growth.
[W3xO5] Balance monetarization backlog by building long-term customer relationships at high cost efficiency.
[W4xO3] Invest in brand building and customer relationships to become more attractive for brand and media partners/brand investors.


QUESTION 3
DYNAMIC SWOT
• SWOT Analysis
• Dynamic SWOT
DYNAMIC SWOT
S-T
S1xT2] Invest in online business to compensate event outages due to COVID-19 & stay the leading global eSports company.
[S3xT1] Use company's industry influence & guide industry towards adjusting offers to policies & targets that may be implemented by governments. Develop image campaigns for more complicated aspects (e.g. youth protection)
[S3xT3] Further elaborate on ecosystems & growth of governance to counter lacking structures in eSports rules & regulations
[S5xT4] Use consumer market potential & build customer relationships by developing an engagement strategy in order not to lose (potential) customers to more innovative competitors.
[S5xT5] Intensify B2C business focus to improve current offers that lead to long-term customer relationships. Consider competing offer quality, CSR, personalized contents & offerings, resource efficiency, new media, omnichannel options & experiences
W-T
[W1&W3xT4] Implement CRM solution in order to define the customer journey and thus be able to exhaust the consumer market potential, build long-term relationships, stay ahead of competitors, as well as overcome monetization backlog.
[W2 &W4xT5] Invest in growing and retaining consumers in order to be able to meet extensive consumer demands, make them loyal customers and become more attractive for brand and media partners/brand investors.


DESIGN ENGAGEMENT ROADMAP
• ESL Gaming should accommodate all fundamental elements of CE to develop long-term relationships, become more attractive for brand investors and partners & create SCA
◦ Align employees, culture, product portfolio and (potential) customers
• Build customer relationships with CE by means of the relationship journey, with the help of a CRM solution and according to the AER model
• Monitor engagement strategies
◦ By identifying each customer's CLV and ROI
◦ Through feedback talks and enagegement surveys with employees
QUESTION 4
RECOMMENDATIONS FOR ENGAGEMENT STRATEGY
• Design: Engagement Roadmap
• Engage: Through Organization, Products and with Customers
• Monitor

ENGAGE - ORGANIZATION



Execution Recommendations

- Hire people with emotional connection to gaming
- Employ people seeking for development and serve them with training opportunities accordingly
- Focus more on character than on CV --> everybody can be somebody
- Offer individual working opportunities
- Equip each employee with portable office devices for flexibility
- Implement "Employee of the month" social media story for credibility, transparency and user-generated content

QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor

ENGAGE - PRODUCT PORTFOLIO

Develop procducts according to customer demands to build and enhance customer-relationships

--> Consider innovation, competing product quality, availability, CSR, resource efficiency, consistency

Execution Recommendations

- Expand VOD
- Offer spectators & streamers a platform to interact and a floor for self-actualization
- Advocate for betting to elevate customer interaction to the next level
- Focus on online options short-term, and online & offline options in the long run
- Stretch mobile options and availabilities
- Take care of CSR, particularly ecological footprint, Protection of Young Persons Acts and image
- Enlarge merchandise offers
- Assemble/hire a team for the implementation of a CRM solution

QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor

ENGAGE - CUSTOMERS



QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor

ENGAGE - CUSTOMERS

Acquisition Stage
- Build brand awareness in order to reach potential customers

Execution Recommendations
- Implementomnichannel strategy according to customer journey
- Maximize organic social media presence & build vivid community
- Cooperate with major eSports influencers & sign on streamers as brand ambassadors
- Enter partnerships with customer relevant brands and betting companies
- Be pioneer in eSports for taking care of CSR
- Publish mobile campaign targeting women
- Attract trailing markets online and through TV coverage
- Invite customers to special events (LAN parties, night events, "meet your Guild")

QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor

ENGAGE - CUSTOMERS

Expansion Stage
- Build emotional connection to make customers attach to ESL Gaming and identify with brand; implement activities that lead to brand love

Execution Recommendations
- Communicate frequently with customers & community, provide opportunities for knowledge & skills exchange and for connecting with like-minded people
- Provide interactive content and such that answers pressing questions in advance
- Collect feedback by in-product messaging
- In-message customers via all channels with relevant and individualized content
- Provide real time messaging options
- Answer customer requests & calls instantly
- Overcompensate complaining customers
- Focus on customer's needs according to their lifecycle stage; send automated emails when customer has reached milestone
- Discounts for returning customers
- Invite customers to special events (LAN parties, night events, "meet your Guild")

QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor

ENGAGE - CUSTOMERS

Retention Stage
- Intensify relationship, predict customer lifecycles and provide offers according to individual changes; focus on brand loyalty to retain customers, decrease churn rates & achieve high purchase intentions, cost-effectiveness and co-creation

Execution Recommendations
- Communicate new features & updates, include customers into prioritizing process
- Invite loyal customers to product testing occasions
- Invite most valuable customers to be part of a select group that gets free product trials
- VIP promotions: Invite most valuable customers to conference/summit
- Reward customers for user-generated content, ratings & reviews with dicounts
- Present to customers individulized offers; e.g. "event buddy"
- Provide catered chill-out/gaming areas at on-site events

QUESTION 4

RECOMMENDATIONS FOR ENGAGEMENT STRATEGY

- Design: Engagement Roadmap
- Engage:
  - through Organization
  - Products
  - with Customers
- Monitor


MONITOR
• Implement engagement activities bit by bit to see effect of each activity
• Use actual state analysis and compare it with outcomes of follow up analyses
• Use CRM solution to contrast ROI with marketing expenditures
• Calculate CLV of each customer to
◦ reveal which customer is situated in which loyalty phase
◦ measure which customer is worth further marketing investments
◦ find out how to engage each individual customer to enhance relationships
• Monitor employee engagement through anonymous engagement surveys and regular feedback chats with employees
QUESTION 4
RECOMMENDATIONS FOR ENGAGEMENT STRATEGY
• Design: Engagement Roadmap
• Engage:
◦ through Organization
◦ Products
◦ with Customers
• Monitor

4. Managerial Implications & Main Conclusions

Digitalization has been established as the keyword of the past two centuries and is probably the subject with the greatest emphasis in today's business world. The comprehensive availability of the internet, as well as the ever more emerging internet-connected devices and services, force companies to rethink their business models.

As a young industry with digital origin, technological grassroots and highly relevant consumer profiles, eSports, has crystalized to be an excellent testing ground for companies from all kinds of sectors. Especially for the media industry, eSports provides lucrative perspectives and the possibility to regain the millennial consumer market. Brand investments from renown brands have helped enforce unspeakable growth rates in the last years. At least since 2019, in which the industry exceeded the 1-billion-Dollar revenue mark for the first time, it is clear that eSports has managed to grow from a subsequent sport into an industry of its own. Long derided and doubted, the eSports sector has developed from a niche existence to a mainstream sensation. The current COVID-19 pandemic and following measures, implemented by governments all over the globe, have been causing losses, but at the same time further boosted the industry's progress in the online and streaming segments. As the industry is growing, it becomes apparent that, even though brands benefit from several elements of eSports, brand investors are particularly drawn by the incomparable customer base the industry provides.

Accordingly, even forerunner companies, such as ESL Gaming, who is the leading player in eSports worldwide, cannot lean back and rest. Customer demands as well as competition grow at high speed, forcing eSports firms to amplify its consumer focus. With a customer-centred marketing strategy, focusing on the development of customer-brand relationships, companies will be able to grow audiences, strengthen their brand and prevent a cease in growth rates.

The following will provide implications that function as advice for managers in order to implement successful customer engagement strategies that help to build rock-like and long-term relationships with new and existing customers along different stages of the relationship journey of a customer. Further, managers will be able to increase customer's purchase intentions, while decreasing the company's costs.

- Develop customer engagement strategies along the relationship journey and according to the AER model.

- Align all stakeholders and elements of the company in order to approach maximum customer engagement: Organization, employees, product portfolio, partners, sponsorships and customers.

- Implement a CRM solution that helps to detect customer journeys and provides information about the needs of customers at every touchpoint with the brand. A CRM solution further supplies managers with information on the Customer Lifetime Value of each customer and the return on marketing investments. Lastly, customers can be served with personalized contents and individualized offerings that enhance customer loyalty and retention.

- Encourage innovation within the company that takes current industry trends into consideration: Betting, audience evolution, eSports platforms war & shifting content paradigm, media engagement, merging online & offline environments

- Create out of the ordinary customer-experiences based on young consumer market's needs and values: CSR, personalized contents & offerings, resource efficiency, omnichannel options & experiences, new media

- Follow the code of ethics within your company and act ethically regarding environmental issues, as well as youth protection

- Invest in online business and streaming in order to compensate outages caused by the COVID-19 pandemic

Concluding, it should be highlighted that staying relevant for brand investors is the major challenge for executives in the eSports industry. For enterprises, such as ESL Gaming, it is therefore essential to develop fruitful customer-brand-relationships with profound customer engagement strategies that enhance customer loyalty. With a strong and valuable customer base, ESL Gaming will manage to create a sustainable competitive advantage, remain relevant for brand investors, stay the leading eSports company and become the world's most powerful eSports brand.

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