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OPPORTUNITIES AND BENEFITS THAT VIDEO GAME STREAMING BRINGS TO BRANDS

– Case Study: Company X

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Over the last few decades, the digital gaming industry has grown significantly becoming one of the most profitable industries in the world. The evolution of competitive gaming gave birth to a new community known as esports. Simultaneously, the growing popularity of certain games and online streaming established video game streaming as a new form of entertainment. The markets formed around these popular trends provide new opportunities for brands and advertisers to conduct business.

Company X is an organization that operates in the esports industry and video game streaming is one of their business operations. The thesis focuses on understanding how video game streaming is used as a marketing tool and the benefits it brings to brands and advertisers. The purpose of this research is to help Company X recognize its strengths within the streaming sector. Additionally, the research aims to help Company X better understand how certain brands perceive esports.

The theoretical background consists of two parts, including theories about esports and video game streaming. The goal was to highlight the significance and the connection between these two theories. To collect primary data, GAP and SWOT analysis methods were used to identify the company's competitive position. The analysis results indicate that Company X is not using its resources efficiently and that is space for improvement. Interviews were also conducted to give the company an overview of how certain brands perceive esports. The interviews were targeted towards Company X's existing partners and potential partners, providing two different points of view. The first two interviewees showed a great interest in esports and confirmed that collaborating with Company X is beneficial for their brand in the long term. On the other hand, the observations made during the other two interviews suggest that both respondents had a lack of understanding of esports and what it represents. Considering the theoretical framework together with GAP and SWOT analysis, suggestions and recommendations were made to help Company X improve the use of two of its resources, namely streaming and the online store.

KEYWORDS:

Esports, Gaming, Streaming, Twitch, Business, Marketing

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LIST OF ABBREVIATIONS (OR) SYMBOLS

Abbreviation	Explanation of abbreviation (Source)
Esports	Electronic Sports
LAN	Local Area Network
CSGO	Counter-Strike: Global Offensive
DOTA	Defense of the Ancients
LOL	League of Legends
PGL	Professional Gamers League
TI	The International
NAVI	Natus Vincere
PUBG	PlayerUnknown's Battlegrounds
NHL	National Hockey League
FEL	Finnish Esports League
ESL	Electronic Sports League
IGL	In-Game Leader
AR	Augmented Reality
VPN	Virtual Private Network
SWOT	Strengths, Weaknesses, Opportunities, Threats

1 INTRODUCTION

1.1 Research Background

The motivation behind the research topic comes from the author's passion for video games, but also a huge interest in streaming and the esports industry. Although esports and streaming have been around for quite some time now, it is fair to say that these topics are relatively new. Researching this topic will help bring to light more information about the opportunities and benefits that video game streaming has to offer to brands and advertisers.

The research focuses on identifying the opportunities and benefits that video game streaming brings to brands and advertisers. The purpose of this research is to help Company X recognize its strengths within the streaming sector. Additionally, the research aims to help Company X better understand how certain brands perceive esports. For this purpose alone, the author will be conducting interviews targeted towards marketers and companies that are already involved in the esports industry, but also companies that are not, providing information from both sides.

1.2 Case Company Introduction

Company X is a newly established professional esports organization from Finland. The company was founded in 2020 and focuses on competing in various esports disciplines such as CS:GO, NHL 22, and Rainbow Six Siege. In addition, the organization has extended its operations beyond just competing in the esports arena. As part of its diversification, the company offers targeted marketing through its streaming team. Other business operations include an online course focusing on esports coaching and an online store selling merchandise. The organization's goal is to encourage and support people in achieving their dreams towards professional esports careers. Their vision is to become an internationally recognized esports organization.

1.3 Research Questions

The research objectives were designed to identify the opportunities and key benefits that video game streaming brings to brands and advertisers. Achieving these objectives will help Company X recognize its strengths within the streaming sector. Therefore, the research focuses on the following research questions.

Questions

- How can video game streaming be used as a marketing tool?
- What benefits does video game streaming bring to brands?

1.4 Thesis Structure

The structure of the thesis consists of several chapters and subchapters in which the author provides relevant findings that will help answer the research questions and therefore achieve the research objectives. The first chapter of the thesis began with the introduction including the author's motivation and purpose behind the research followed by a brief introduction of the case company, and finally, the research questions. In the second chapter, the author examines various literature reviews that focus on gaining a better understanding of esports and video game streaming.

Further, the third chapter describes the research methodology and data collection methods used by the author in this thesis. Following the methodology, the fourth chapter provides an overview of Company X's current competitive position based on GAP and SWOT analysis and the fifth chapter provides answers from the interviews. Finally, the last chapter of the thesis includes the conclusion and further suggestions and recommendations for Company X.

2 ESPORTS AND VIDEO GAME STREAMING

In this chapter, the author aims to provide a more comprehensive understanding of the research topic. Before going further, it should be noted that the concept of video game streaming serves two purposes. First, it is used to stream competitive gaming within the esports scenery and second, it is used by streamers or individuals to stream their gameplay (Minor, 2021). Therefore, it is important to consider esports, its evolution, its structure, and how it relates to video game streaming. Furthermore, it is important to understand what video game streaming is, how it works, and how it can be used as a marketing tool.

2.1 Defining Esports

Electronic sports, more commonly known as esports is a term used to describe individuals or teams of professional players competing against each other in video games in organized events and tournaments (Korpimies, 2017).

A broader and more formal definition describes esports as *“an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies”* (Wagner, 2006).

To some extent esports is similar to traditional sports, teams of professional players are formed and compete against each other in front of a live audience. Besides, the events along with the gameplay are broadcasted online using different streaming platforms such as Twitch and YouTube where millions of fans around the world enjoy watching their favorite teams showcase their skills (Ströh, 2017).

2.2 Brief History of Esports

The history of esports traces back nearly fifty years to the first-ever video game competition. On October 19th, 1972, Stanford University hosted a video game tournament called the “Intergalactic Spacewar Olympics” where students had the chance to compete and win a year’s subscription to Rolling Stones magazine (Larch, 2019).

It all started with an interactive game named Spacewar. The two-player game was developed just a decade earlier, in 1962 by a student by the name of Steve Russel and a few of his colleagues. The game became an instant sensation gaining popularity among workers inside Stanford University research labs (Kent, 2001). According to Ströh (2017), competitive gaming started in university labs making its way to amusement arcades where it became popular before moving on to LAN-parties and finally to the internet.

2.3 The Esports Ecosystem

To better understand how the esports industry works it is important to analyze its structure, its key stakeholders, their role, and their contribution to the esports ecosystem. As illustrated in figure 1, the esports ecosystem includes the following key stakeholders: game developers or publishers, professional teams and players, leagues, tournament and event organizers, media channels, brands, and consumers.

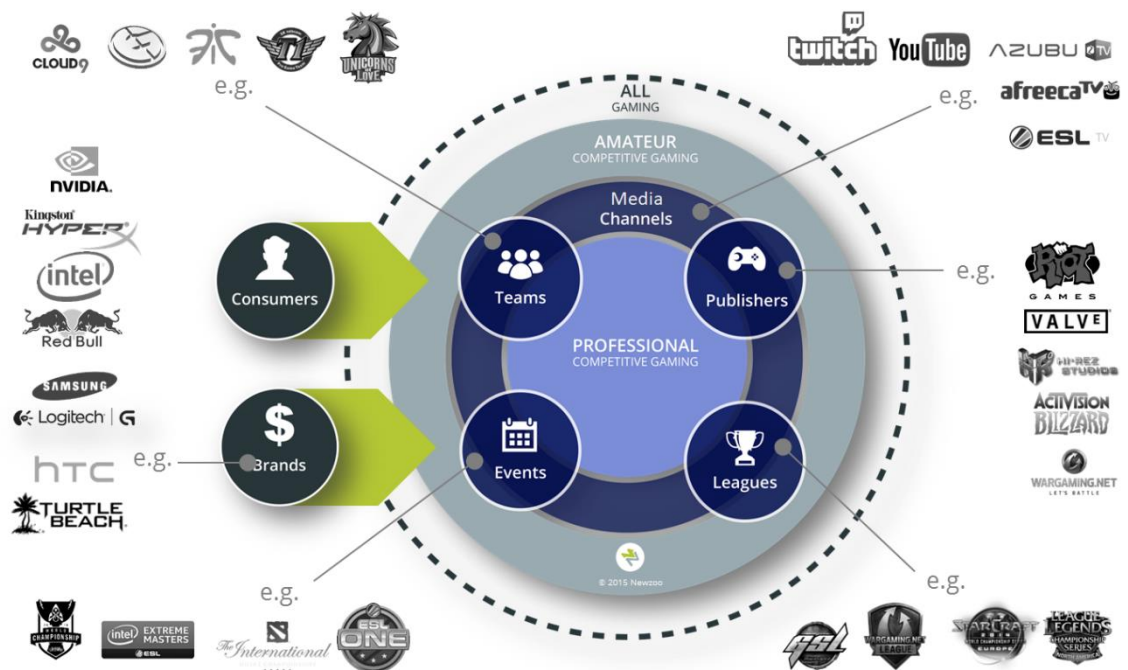


Figure 1. The Esports Ecosystem (Newzoo, 2015)

2.3.1 Game Developers

Games developers are usually the ones responsible for developing an idea or concept into a playable game. It is important to note that game developers often choose to publish their games, and hence some may refer to them as publishers (Trowe, 2018).

Nevertheless, game developers are the ones creating and providing competitive games for the esports scenery. For instance, Valve, one of the industry's most influential game developers is the creator of Dota 2 and Counter-Strike: Global Offensive (CS:GO), two of the most popular games in the esports arena. Yet another influential game developer is Riot Games, the creator of League of Legends (LOL) and Valorant, other successful esports disciplines (Julkunen, 2021).



Figure 2. Popular Esports Disciplines (Borisov, 2021)

Game developers are also responsible for organizing and hosting some of the largest and most popular esports tournaments. In addition, game developers often collaborate with third-party event organizers and streaming platforms (Julkunen, 2021). The role of game developers is pivotal to the esports ecosystem as their contribution is setting the basis for the entire esports scene.

2.3.2 Professional Teams and Players

Professional esports teams consist of professional gamers that get hired to form powerful rosters and compete in different esports disciplines (Denisov, 2020). Becoming a professional esports athlete is not an easy task, it requires a lot of dedication, passion for the game, and many hours of practice (Jurkic, 2019).

In esports, similar to traditional sports teams, players have different roles, and skills such as communication, strategic thinking, and the ability to work in a team are not only important but crucial for the team's success (Kidztopros, 2020). However, compared to most traditional sports teams or clubs, esports organizations have multiple team rosters competing in various esports disciplines (Ströh, 2017). A prime example is NAVI (Natus Vincere), a Ukrainian professional esports organization that has a total of nine professional esports rosters. Furthermore, the organization expanded into mobile esports gaming having three more rosters competing in games such as PUBG Mobile, Free Fire, and Brawl Stars (Navi, 2021).

Professional esports organizations are involved in much more than just having teams competing in the esports arena for titles and prizes. In other words, esports organizations are engaged in different business activities generating multiple revenue streams. For instance, an important key revenue in esports is sponsoring and advertising. Esports teams often recruit streamers and influencers alongside players to advertise different brands and products. Another source of income is selling merchandise directly to fans through online stores (Daniels, 2021). Therefore, diversified business operations allow esports organizations to have multiple sources of income.

2.3.3 Leagues

Esports leagues can be described as independent organizations specialized in organizing video game competitions for various esports disciplines. The competitions include a set of different events and tournaments where the best teams compete for championship titles (Ströh, 2017).

In esports, leagues are categorized based on two characteristics, regional focus, and game genre or discipline (Ströh, 2017). For example, the Finnish Esports League (FEL) is categorized as a regional-focused esports league. The organization focuses on

creating and providing competitions for various esports disciplines dedicated exclusively to Finnish esports organizations and their teams (FEL, 2021). As another example, the ESL PRO League based in Cologne, Germany is categorized as focusing on one specific discipline, namely CS:GO. However, contrary to FEL, the ESL PRO league organizes international competitions inviting teams and players from all over the world (ESL, 2021).

Leagues' main role is to provide the best platforms for teams and players to compete in. Thus, leagues took on the responsibility to develop a better governance structure by creating and implementing more official sports-like rules and practices (Julkunen, 2021).

2.3.4 Tournament and Event Organizers

Tournament and event organizers are third-party companies similar to leagues, that organize and host various esports tournaments and events. Although independent, tournament organizers work closely with game developers and streaming platforms to create and host some of the most popular tournaments in esports (Jurkic, 2019).

For instance, in October 2021, the most anticipated Dota 2 tournament of the year, "The International" (TI) was held at the National Arena in Bucharest, Romania. Organized by Valve and PGL (a Romanian esports tournament organizer), the tournament managed to raise over \$40 million in the overall prize pool and 2.74 million in viewership setting a new record as the largest Dota 2 tournament so far (Liquipedia, 2021).



Figure 3. Popular Dota 2 Tournaments (Borisov, 2021)

Another successful event organized by PGL and sponsored by Valve was the “PGL Major Stockholm 2021” CS:GO tournament. Similar to “The International”, the tournament set new records becoming the most-watched CS:GO tournament thus far (Ispas, 2021).



Figure 4. PGL Major Viewership Dynamics (Borisov, 2021)

Successful events and popular tournaments such as the PGL Major Stockholm and “The International” create the perfect opportunity for sponsors, brands, and advertisers to reach the esports audience (Julkunen, 2021).

2.3.5 Media Channels

In esports, media channels are divided mostly between online streaming platforms and traditional TV broadcasting. A recent study indicates that 66% of esports viewers are using online streaming platforms to watch esports and 44% prefer using traditional TV channels. In addition, 23% like to watch esports in live arenas, and 14% use augmented reality (AR) experiences (Rokid, 2020). The study is based on a fan engagement survey with over 15,000 respondents (Arkenberg, 2019).

How viewers watch esports

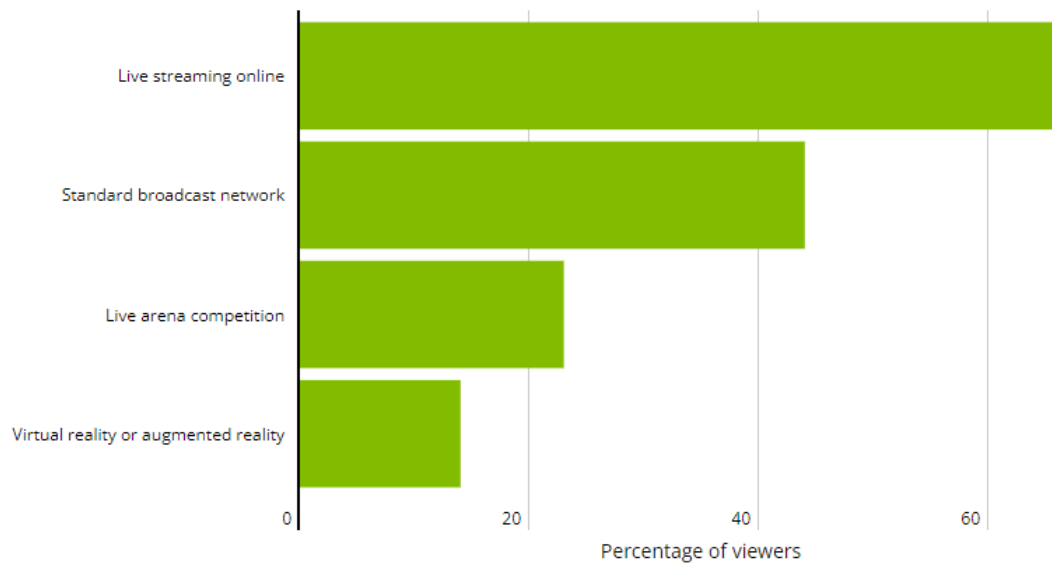


Figure 5. Esports Viewership Across Different Channels (Arkenberg, 2019)

As shown in figure 5, online streaming has a significant advantage over other types of media channels, mostly because streaming platforms are more accessible and because esports fans are highly engaged in online activities. Another advantage is that streaming platforms can offer global exposure to brands, sponsors, and advertisers whereas other media channels cannot (Julkunen, 2021).

The growth of competitive gaming and the esports community allowed streaming platforms to attract millions of viewers every year. Twitch, the most popular streaming platform for video games and esports content has an average of 2.5 million concurrent viewers each month (Twitchtracker, 2021). Other popular streaming platforms are YouTube and Facebook Gaming.

Even though people prefer to watch esports online, the viewership figures for esports content among traditional TV channels remain relatively moderate. However, in near future, the numbers are likely to increase. According to a Newzoo forecast, the global esports audience is expected to grow in the next few years (Newzoo, 2021).

Global Esports Audience Growth

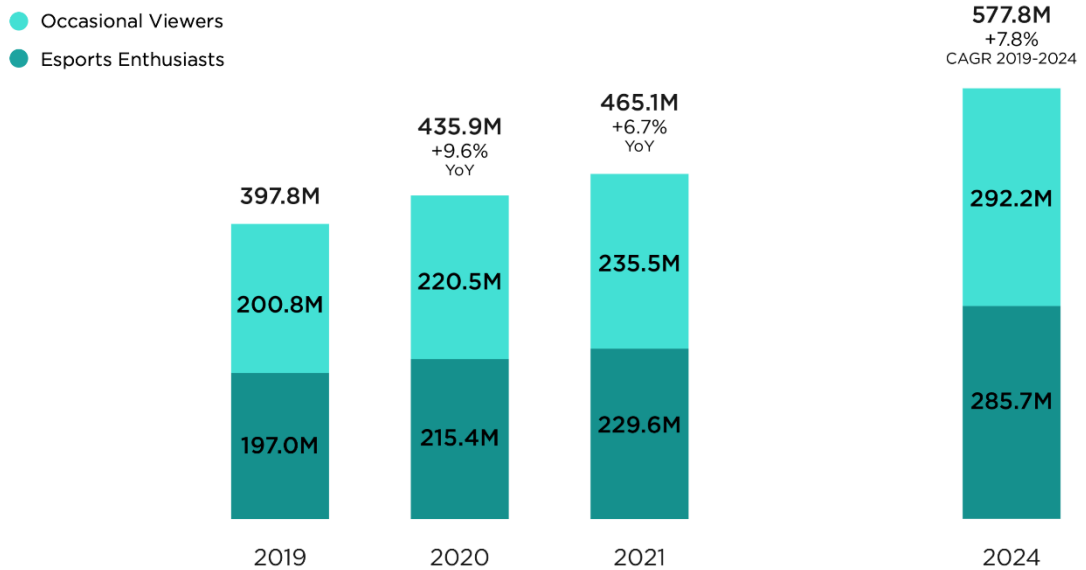


Figure 6. Global Esports Audience Forecast (Newzoo, 2021)

2.3.6 Brands

In the esports business environment, brands are referred to as sponsors and advertisers that collaborate with various teams, event organizers, and other parties involved in the industry. Consumer brands often partner with esports organizations to promote and advertise their brand or products. In addition to that, sponsorships and advertising are part of many marketing strategies in which brands offer financial support in order to reach esports fans (Julkunen, 2021).

The most common esports marketing strategy used by brands is sponsoring a team. Through sponsorships deals, brands get a lot of exposure from the team. The brand's logo often appears on the team's jersey and products and services may be featured on the team's website, social media, or other publications. In addition, esports sponsorship deals are a great way to build brand awareness (Patel, 2021).

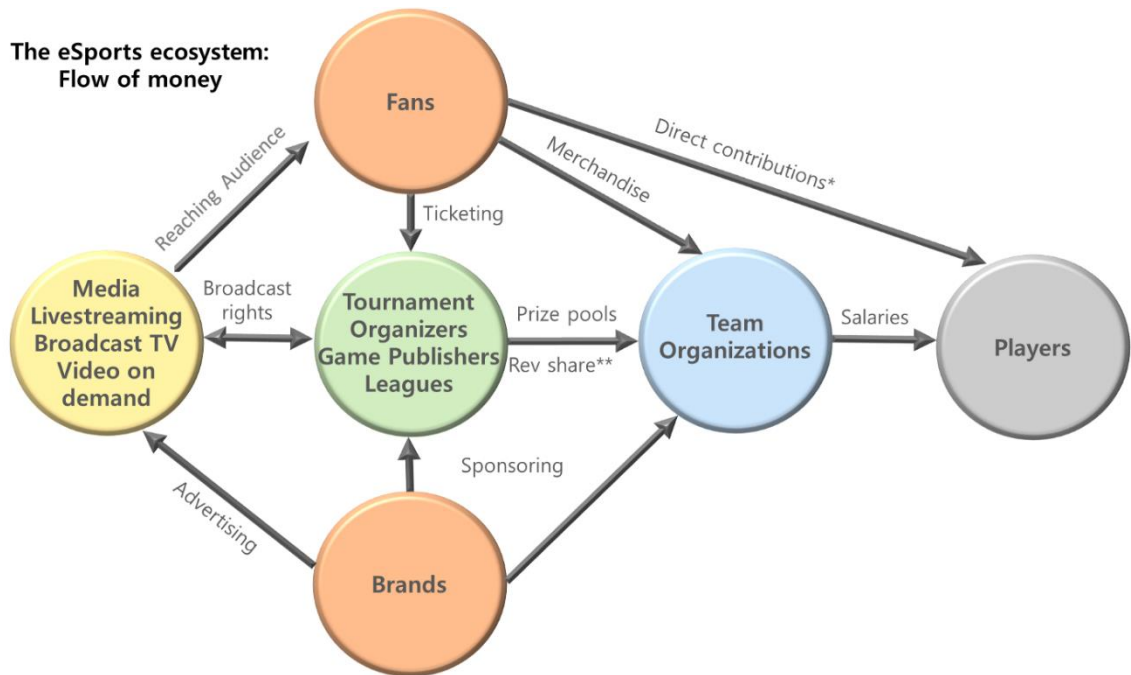


Figure 7. The Esports Ecosystem: Flow of Money (Fletcher, 2016)

Studies concerning the esports market suggest that brands are willing to invest hundreds of millions of dollars in esports sponsoring and advertising (Newzoo, 2016). Furthermore, the revenue generated by sponsors and advertisers accounts for 74% of all revenue streams, becoming the most influential source of income in esports (Superdata, 2017).

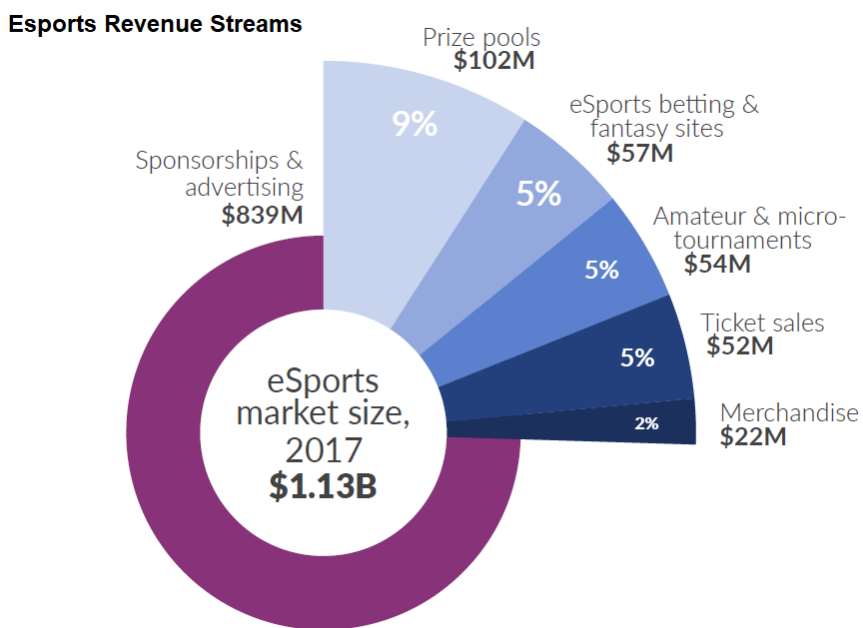


Figure 8. Esports Revenue Streams (Superdata, 2017)

Examples of major brands that have already partnered with esports organizations are Red Bull, Intel, and Mercedes-Benz, to name a few (Sportytell, 2021). Partnering with major brands, accelerates and increases the global awareness of esports, at the same time, partnering with an esports organization offers brands and advertisers the opportunity to connect with young audiences. Therefore, sponsorships deals are beneficial for both parties.

2.3.7 Consumers

Finally, the last group of stakeholders within the esports ecosystem are the consumers or the esports fans also referred to as the esports audience. Additionally, the esports audience is divided between esports enthusiasts and casual viewers. Esports enthusiasts are the so-called passionate fans who regularly watch esports content and might even play games themselves. Casual viewers, on the other hand, are the ones who occasionally watch esports content, mostly for entertainment purposes (Geysler, 2019).

It is worth mentioning that the esports fanbase is segmented by the game genre or discipline which means that most esports fans follow a game that they like and will most likely remain loyal to it. However, this is not to say that there are no fans who like and follow more than just one discipline. This aspect is extremely important when developing marketing strategies targeted towards esports fans (Rogers, 2018).

The role of esports fans is pivotal as they are the ones who act as end consumers spending money on tickets, merchandise, and other products. Moreover, the growth of the esports audience creates value and business opportunities for all the companies and organizations involved in the esports ecosystem (Julkunen, 2021).

To conclude, all stakeholders play significant roles in the function of the esports ecosystem, being all relevant to one another providing opportunities and benefits to conducting business.

2.4 Video Game Streaming

The concept of video game streaming is an online activity and popular trend among people, especially the young generation who like to play and watch video games. The

activity encompasses gamers or streamers who use different streaming platforms such as Twitch and YouTube to broadcast their gaming experience to a live audience (Chiovato, 2021).

Additionally, video game streaming is a great form of entertainment that allows both streamers and viewers to engage with one another in real-time. However, the practice of streaming video games is more than just a fun activity or hobby, many individuals today consider streaming as a full-time job and becoming a streamer as a career to pursue (Bybyk, 2021).

As a popular trend, video game streaming continues to integrate into popular culture expecting to reach a global audience of 747 million viewers by the end of 2021 (Chiovato, 2021). Considering this, brands, and advertisers should pay more attention to the opportunities and benefits that this trend has to offer.

2.4.1 History and Development

To better illustrate the significance of video game streaming platforms, Twitch will be used as a prime example. The concept of video game streaming was first introduced in 2011 when Justin.tv launched Twitch.tv, the first streaming platform dedicated to games and gamers. Since its release in 2011, the platform witnessed a rapid growth in terms of popularity managing to attract millions of users every year (Edge, 2013).

Twitch began as a gaming-content exclusive platform, however, after witnessing the success of massive audiences, it quickly transitioned to other types of content categories. Today, the most-watched category on Twitch is “Just Chatting” with an average of 325.000 viewers a week (Twitchtracker, 2021).

Despite Twitch integrating other types of streaming content in its category list, the platform remains the first and preferred option for gamers and content creators who want to stream video games and esports content. Therefore, Twitch continues to play a crucial role in the growing audience of video game streaming and esports (Clement, 2021).

2.4.2 Streaming Audience Overview

Every year, game-related content attracts millions of viewers across all streaming platforms. Twitch's audience demographics consist mostly of male users with 65% followed by female users with 35%. Additionally, Twitch's audiences include demographics from all generations, however, the most dominant groups are Gen-Z and Millennials. Thus, the demographics of both esports and game streaming audiences represent a valuable asset for brands and advertisers (Edge, 2013).

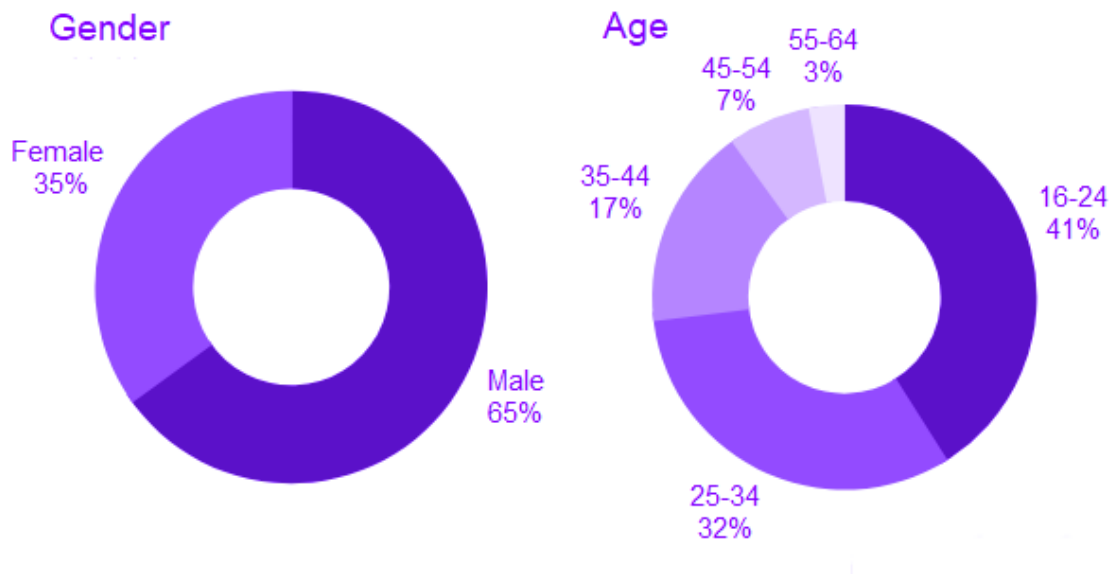


Figure 9. Twitch Audience Demographics (Jason, 2021)

Recent studies focusing on the game streaming market show that the global audience for video game streaming is projected to reach 747 million viewers by the end of 2021 and 942 million viewers in 2024 (Chiovato, 2021). Therefore, brands and advertisers could consider these numbers as a new opportunity for future investments.

Games Live Streaming Audience Growth

Global | For 2019, 2020, 2021, and 2024

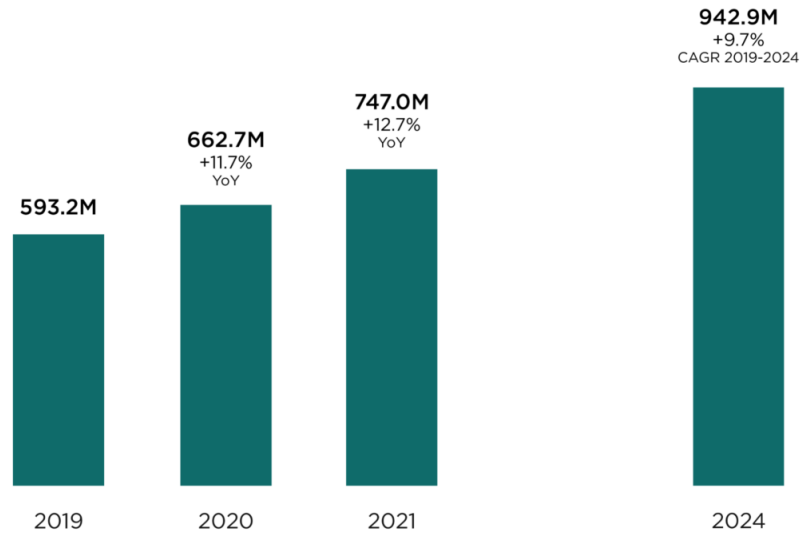


Figure 10. Video Game Streaming Audience Growth (Chiovato, 2021)

2.4.3 Monetization

Live streaming in general provides the opportunity for streamers and content creators to earn a living. There are various ways in which a streamer or gamer can earn money while playing video games. Moreover, all major streaming platforms such as Twitch, YouTube, and Facebook allow streamers to monetize their broadcasts. In the following section, the author will present a list describing six different methods from which streamers can earn an income (Bybyk, 2021).

- Donations or tips – receiving donations or tips is a simple and easy method in which viewers show their appreciation and support towards streamers. Viewers can send donations or tips via the streaming platform or third-party websites such as Patreon, PayPal, and GoFundMe, to name a few.
- Monthly paid subscriptions – are channel subscriptions or channel memberships depending on the platform. The benefits of monthly subscriptions are offering viewers custom emotes and badges to use in chat, and ad-free content.

Additionally, 50% of each subscription goes to the streamers whereas the other 50% goes to the streaming platform.

- Ads – streamers can earn a share of revenue generated from running ads on their channel. The ads are provided by the creator or the streaming platform. This method allows streamers to earn money without the viewers' monetary contribution. Brands and advertisers are the ones who pay a fee to run ads on streaming platforms.
- Merchandise sales – is yet another way from which streamers can earn some money. Streamers can use print-on-demand services such as wix.com and shopify.com to build their brand and sell products to their audience via online shops. Merchandise sales usually include t-shirts, hoodies, caps, backpacks, and other accessories.
- Sponsorships deals – allow streamers to promote and advertise products or services for different brands through streaming. This method includes sponsored content in which the streamer advertises for example a new gaming keyboard or a new VPN service. It also includes long-term partnerships where the brand's logo, product, or service is always displayed in the streamer's broadcast or channel description. This method not only provides the opportunity for streamers to earn an income but also provides the opportunity for brands and advertisers to tap into enhanced viewer engagement.
- Affiliate programs – are offered by brands to help promote their products and services. This method consists of brands providing referral links to streamers and content creators to add to their streaming and social media channels. By clicking the links, viewers are then redirected to the brand's website where they can purchase the product or service promoted in the link.

As previously mentioned, video game streaming is more than just having fun playing video games and entertaining the viewers. An important aspect of streaming is knowing how to use it as a tool to make money. As a result, the methods described above provide opportunities for both streamers and brands to use streaming as a tool to reach their target audience.

The most efficient way for brands and advertisers to reach their target audience is through sponsorship deals and affiliate programs. One of the benefits of using video game streaming as a marketing tool is that it is less expensive as opposed to other traditional marketing strategies, allowing brands and advertisers to reach large audiences at once. Another benefit is that it offers a global presence or exposure since the internet has no boundaries to where it can reach.

3 RESEARCH METHODOLOGY

The research design is based on primary and secondary data collection also known as qualitative and quantitative methods. The nature of this research follows an exploratory study approach where the goal is to gain new insights and a better understanding of the research topic (Saunders, 2019). Primary data was collected by conducting semi-structured qualitative interviews whereas secondary data is gathered by analyzing quantitative data.

3.1 Primary Data

Primary data refers to the type of data that has not been previously collected. Additionally, primary data is first-hand data collected by the researchers mostly for study purposes. There are a few methods to collect primary data. For example, primary data can be collected through interviews, surveys, questionnaires, observation, experiments, etc. (Formplus, 2020). In this research, however, primary data is collected by conducting semi-structured interviews.

3.1.1 Interviews

Research interviews are a common method used by researchers to collect primary data. The advantage of using this method is that it allows the researcher to tailor the questions asked in the interviews and therefore provide specific data relevant to the research (Valcheva, 2021). In semi-structured interviews, a list with prepared questions may be available to help guide the interviewer throughout the conversation. These types of interviews are often referred to as qualitative research interviews (Saunders, 2019).

The interviews were targeted towards Company X's existing partners and potential future partners. The first two interviewees were proposed by Company X. The other two interviewees were selected based on their company products as they seemed to be the kind of products that Company X fans use. The interviewees were contacted via telephone, email, and social media platforms. The interviews were conducted in English using various communication platforms such as Microsoft Teams, Discord, and WhatsApp.

3.1.2 Limitations

The author attempted to interview several other organizations that either never responded or responded but were unwilling to do the interview. Moreover, the lack of any connections between the author, company case, and the companies targeted for the interviews played a significant role in limiting the number of respondents.

3.2 Secondary Data

Contrary to primary data, secondary data refers to data that has already been collected by other researchers for different purposes (Formplus, 2021). According to Saunders (2019), secondary data include both raw data and published summaries. In this research, secondary data include quantitative data based on literature reviews. Furthermore, quantitative data is used to analyze some of the numerical data, such as demographic and statistical data. To conclude, both primary and secondary data aim to help the researcher answer the research questions and achieve the objectives.

4 COMPANY X CASE ANALYSIS

4.1 GAP Analysis

The GAP analysis framework was used to determine whether Company X meet expectations and use its resources effectively. The analysis combines four steps that focus on evaluating the organization's current state, the ideal state, the gap in-between, and finally, possible solutions and implementations to bridge the gap. A gap analysis is important for any type of organizational performance. It helps to identify areas of improvement and can be used to outline an action plan to increase the company's performance (Terrell, 2021).

The purpose of the GAP analysis is to identify the gap or what is preventing the company from reaching its desired state. To identify the gap is required to evaluate how the company's current strategy is working as it relates to its future goals and targets (Terrell, 2021). Accordingly, the SWOT analysis tool will be used to generate ideas on how to bridge the gap. The GAP and SWOT analysis is based on data gathered from an interview with Company X's COO.

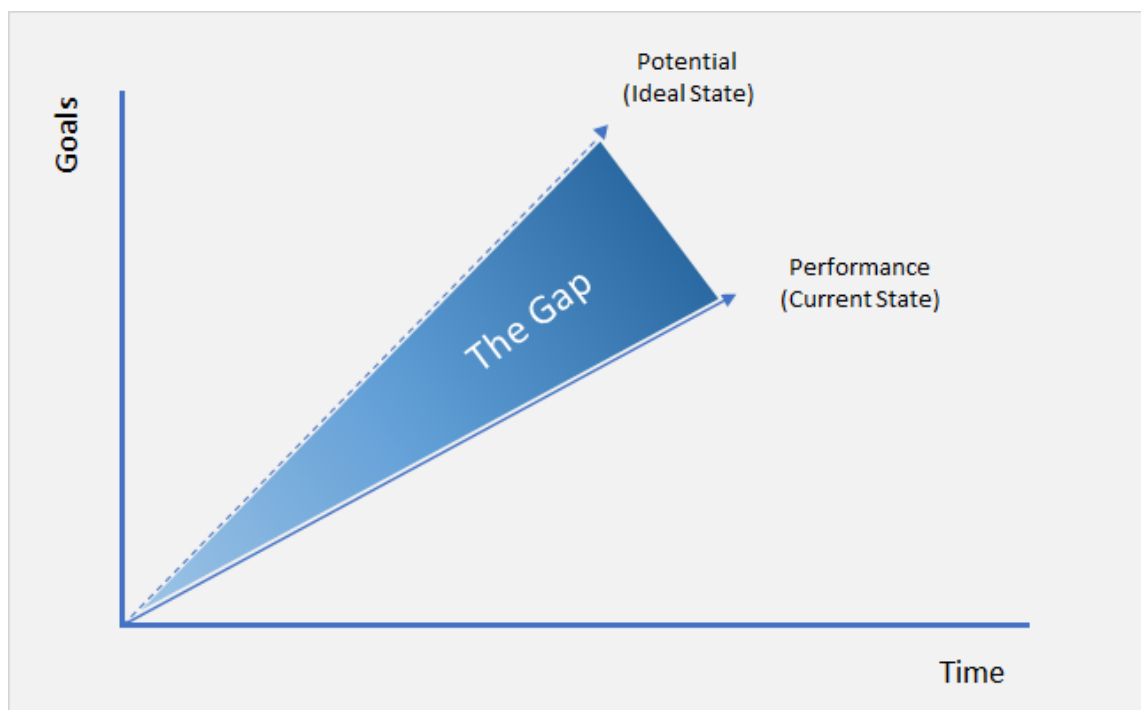


Figure 11. Gap Analysis Diagram (Slidemodel, 2021)

4.1.1 Current State

As a newly established esports organization, Company X is still in a start-up phase competing in fewer esports disciplines as initially planned. Although the organization had ambitious plans from the beginning, they quickly realized that it is better to focus only on a few games now and later expand into other esports disciplines. The decision was influenced by not having enough staff and financial resources to allocate to all initial competing rosters, the streaming team, and other areas of the business. Nonetheless, the decision proves to be a smart choice as it allows the company to grow steadily, step by step. Moreover, the management team has now more time to focus on planning and developing strategies to improve and grow the company. Currently, Company X employs six people and has three main sponsors. Financially, the organization is doing alright, continuing to grow steadily each month. Also, the annual income has grown in comparison with last year when the company just started.

4.1.2 Ideal State

In near future, Company X's ideal state is one where the organization achieves the following goals. One of the goals is to have a strong presence locally. In other words, the company wants to expand its operative actions by organizing more events and coaching sessions within and around its hometown. Another organizational goal is to become successful with the current CS:GO, NHL 22, and Rainbow Six Siege rosters, and then to be able to broaden the brand's portfolio by forming new rosters to compete in different esports disciplines. In addition, Company X's goal is to further expand its coaching knowledge by developing and implementing new teaching courses for IGL (in-game leader) players. Finally, other goals and targets include having more staff, sponsors, and a larger audience on all social media platforms.

4.1.3 The Gap

Evaluating the company's current and ideal state reveals that some of Company X's resources are not used efficiently. For instance, the streaming team is not utilized at its full potential. There are plenty of practices and techniques that can be implemented within the streaming team to improve and make better use of this resource. Additionally,

the company needs a better marketing strategy to promote its online store. Developing and implementing an effective marketing strategy will help boost merchandise sales. Further investigation indicates that these issues are caused by not having enough staff and financial resources to allocate to all departments and daily activities. Therefore, addressing these issues will help the organization close the gap and reach its desired state.

4.1.4 Bridging the Gap

The SWOT analysis tool is further used to evaluate the company's strengths, weaknesses, opportunities, and threats. The main objective of the SWOT analysis framework is to help the organization develop a full awareness of all the factors involved that are affecting their business. Considering the SWOT results, the author will provide commentaries and recommendations on what needs to be improved. Additionally, the findings can be used to develop future strategies to help close the gap.

4.2 SWOT Analysis



Figure 12. SWOT Analysis

4.2.1 Strengths

Agile leadership – One of Company X's unique competencies is agile leadership focusing on coaching people, establishing teams, listening, and communicating with players, and always looking to learn and improve. This competence played an important role in helping the organization find its place within the Finnish esports scene.

Event management – Another unique competence that Company X has is the ability to create and develop events for its organization or other companies. This resource is extremely important and can be used to develop strategies on how to expand locally. Additionally, Company X has access to a few local gaming facilities where events can take place.

Esports coaching – Company X know-how coaching is the ability to train and teach people essential skills on how to become an esports coach. The resource is also used for player development. As part of an educational program, Company X's coaching course includes information about esports as a business, coaching philosophies, training programs, discipline, building a successful team, and much more. Company X could use its coaching expertise to further develop and implement IGL coaching courses.

Stream team – Company X streaming team includes several streamers from which a couple are Finland's most-known streamers and one of them is an international streamer. The stream team is used to provide targeted marketing to sponsors and other partners. In addition to that, the streaming team provides brand exposure for Company X.

4.2.2 Weaknesses

Limited staff and financial resources – One of Company X's biggest challenges is not having enough staff and financial resources. This is mainly because Company X is still at the beginning (in the start-up phase), and it might take some time to find and build relationships with new partners that will support them financially. However, this issue is extremely significant as it affects other areas of the business.

Marketing – Company X needs to create and develop better marketing strategies. Currently, the organization lacks proper marketing strategies and is affecting the full

potential of the streaming team and the online shop. This issue is also caused by the lack of staff and financial resources.

4.2.3 Opportunities

Expand locally – The company's hometown can bring many opportunities. With over 700 new businesses established every year, the city provides new opportunities for Company X to find new partners and sponsorship deals. In addition, Company X could try to integrate some of its local events as part of the city's culture and leisure activities. This will help increase brand awareness among people and other organizations.

IGL coaching – Another opportunity presented to Company X is to further expand their coaching knowledge by developing and implementing a new course dedicated to IGL (in-game leader) players. An IGL player is a member chosen to be the team's captain. Company X could take advantage of this opportunity to diversify its business.

4.2.4 Threats

Segmented fanbase – The esports fanbase is segmented by the game genre or discipline, and hence it might present a challenge when targeting audiences. This is an important aspect to take into consideration when developing marketing strategies.

Other esports teams – The threat that other teams represent is simply being better at the game or dominant in competitions. As a result, Company X will not be able to obtain the desired success making it harder to attract new fans. Even worse, existing fans might lose interest and move on to support a new and better team.

In theory, a solution for Company X to close the gap is securing more sponsorship deals. This will provide enough financial resources allowing the company to hire more people, create more teams, assign new roles and responsibilities, and therefore grow the company. The basic idea behind the SWOT analysis is to convert weaknesses into strengths and match strengths with opportunities. Also, converting weaknesses into strengths eliminates the possibility for weaknesses to become future threats (Pitcher, 2018).

5 INTERVIEWS RESPONSES ANALYSIS

The interviews aim to provide Company X with reliable and realistic overviews of the perception and interest that certain brands and marketers have towards esports. The interviews were targeted towards marketers and companies that are already involved in esports, but also towards companies that are not, in hopes to provide two different points of view.

The author was able to conduct four interviews in total from which one of the respondents was a video game streamer and the other three were representing their companies. Due to confidentiality reasons, the interviewees will be referred to as respondents A, B, C, and D. The interview questions were varying depending on the respondents. In addition, the interview with respondents A and B focused on the opportunities and benefits of collaborating with an esports organization whereas the interview with respondents C and D, were focused on understanding their view and level of awareness about esports.

Respondent A is an international video game streamer and influencer from North America with over 30.000 followers across all social media platforms, including Twitch, Discord, Instagram, and Twitter. Additionally, the streamer is part of the Company X streaming team offering advertising services for different brands and products. The interview with respondent A mostly focused on the collaboration with Company X and the benefits it brings. Among other questions, the streamer was asked to share her view on how the collaboration with Company X has impacted her streaming.

According to the streamer's responses, the collaboration with company x is beneficial for both parties. For instance, Company X has helped the streamer reach a new audience (Finnish viewers), bringing more traffic to her Twitch and social media channels. At the same time, the streamer offered exposure to a new and broader audience, bringing Company X to the North American market. The collaboration with Company X has also introduced the streamer to a couple of new sponsors. Respondent A considers the association with Company X valuable and a long-term plan that will help both parties grow their audiences.

Respondent B is the CEO of a brewery company from Finland. The company produces and sells beer, cider, mineral water, and other soft drinks. The company represented by respondent B has recently become one of Company X's main sponsors and therefore

the interview was focused on understanding the collaboration between the two parties and the benefits that Company X brings them. In addition, the interview also focused on understanding other aspects related to esports, such as the level of awareness and interest towards the industry.

According to respondent B, the awareness about esports came through social media channels and some of his friends. After a bit of research, he realized that some of their company products (the soft drinks) fit well within the products consumed by the esports fans. Moreover, a segment of the company's target market was already involved in esports in one way or another. Thus, acknowledging the potential of esports played an important role in the deciding factor to partner with Company X.

Although the company does not have a tool to specifically measure the esports effectiveness or impact, respondent B believes that the collaboration with Company X has helped the company increase its sales. The affirmation was simply based on the sales growing figures. In addition, Company X has also helped to strengthen the company's social media presence. In return, Company X benefits from financial support from the company.

The last two interviews include respondents from companies that are not involved in esports at all. Because the respondents are in the same category and their responses were similar, the author will combine their answers as one conclusion. **Respondent C** is the sales and store manager of a company based in Finland. The company's business operations include a brick-and-mortar and online store that focus mostly on selling computers, components, gaming gear, as well as other PC supplies and accessories. **Respondent D** is the owner and CEO of a food and beverage company also based in Finland. The company produces and sells different types of foods and beverages.

The observations made during the interviews with both respondents C and D suggest that neither of them was fully aware of the esports industry, the opportunities, and the benefits it can bring. Although both interviewees heard about esports, they never showed interest in further exploring the industry and its potential. The respondents did not provide any specific reasons why they chose to do so. Perhaps, they misunderstood what esports is or what they heard did not spark enough interest to further investigate. However, after presenting some facts, opportunities, and benefits of the industry, the respondents were asked if they will be interested to collaborate in the future with an esports organization and both of their answers were positive.

6 CONCLUSION AND RECOMMENDATIONS

The research objectives were to identify the opportunities and benefits that video game streaming brings to brands and advertisers. The purpose of this research was to help Company X recognize its strengths within the streaming sector. Therefore, the research focused on answering the following questions.

Q1. How can video game streaming be used as a marketing tool?

Q2. What benefits does video game streaming bring to brands?

Streaming is a tool that can be used by esports organizations, gamers, and content creators to promote and advertise different brands and products. There are various ways in which streamers can use video game streaming as a marketing tool. The most efficient ways however are through sponsorship deals and affiliate programs. These methods provide a direct connection between the brands and the streamer's audience.

One of the benefits of using video game streaming as a marketing tool is that is less expensive in comparison to other traditional marketing strategies. In addition, streaming allows brands and advertisers to reach large audiences at once. Another benefit that video game streaming brings to brands is global presence. This provides the opportunity for brands to build brand awareness.

To conclude, esports and video game streaming have become the new form of entertainment for many people today, especially the young generation. The number of people tuning in to watch esports and game-related content continues to increase year after year. The market of these popular trends presents opportunities for brands and advertisers to reach broader and younger audiences. Brands and advertisers are recognizing the power and influence that esports and video game streaming have over their audiences. As a result, many marketers are considering using streaming as a tool to market their products and services.

The following are suggestions and recommendations that Company X should consider and implement to improve and make better use of its resources.

Streaming team – The streaming team plays an important role in providing brand exposure to Company X and its partners. Considering this, Company X should create

and provide streaming layouts that streamers could use. The layouts will be tailored and focused to promote Company X and its partners.

Another important aspect is creating and implementing ads into the streams that will feature and promote for example Company X merchandise or other products from their partners. Implementing these methods will help increase the effectiveness of the streaming team.

To grow the fanbase it is required to partner with streamers that play and support the games that Company X plays. As already mentioned, the esports fan base is segmented by the game genre or discipline. Having streamers that play the same games as Company X will attract more followers and therefore increase the fanbase. Additionally, partnering with more international streamers will bring traffic from different markets allowing Company X to expand and develop an international fanbase.

Online store – Selling merchandise is not only an important source of income but also another way for Company X to reach its fans. To promote the online store, the author will provide a few tactics that can be implemented to bring more traffic to the online store, and hopefully boost merchandise sales.

A simple and low-cost tactic is implementing an email marketing strategy that focuses on collecting the email address of the customers. This will enable Company X to send regular emails with promotions and special offers, encouraging fans to visit the website.

Creating social media ads could improve the brand's visibility and recognition, it can also improve the conversation rates and search engine rankings.

Hosting giveaways or reaching out to streamers and influencers to offer free samples of merchandise as part of a marketing campaign is yet another tactic.

Partnering with a popular sports clothing brand can also help increase sales volume. For instance, Karhu is a Finnish sports brand that Company X could try to reach out to and secure a sponsorship deal (Karhu, 2021).

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