Boundary-Straddling Brand Extensions: A Network Analysis of the National Basketball Association’s 2K League Sponsors

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The shift in sport consumers’ media consumption habits away from traditional linear programming towards, digital, on-demand programming, requires sport organizations to adapt. These organizations must integrate novel approaches to engage young consumers, such as developing digital brand strategies and generating content capitalizing on shifts in media consumption. The NBA’s creation of the 2K League represents an example of a digital brand extension. As professional sport organizations enter the esports marketplace, they are faced with important decisions regarding product positioning in terms of new product development versus diversification.

From a brand development perspective, the 2K League represents a brand extension for the NBA (Kunkel, Doyle & Funk, 2014) with corporate sponsorship implications. As an early adopter, the NBA and 2K League’s product positioning has laid the foundation for potential digital brand extensions. For example, the 2K League logo has the same color and shape as the NBA logo, and incorporates the same font (Mazique, 2017). However, as a new league operating in the emerging esport space, the 2K League is in direct competition with existing esport leagues and how it should be positioned relative to existing competitors such as the League of Legends Championship Series (LCS) remains ambiguous. Specifically, whether to position the 2K League to emphasize the esport or the basketball component of the product; hence, resulting in a boundary-straddling brand extension. As such, it is important to examine which brand extensions strategy is pursued; a basketball product (product development) or an esport product (diversification). Given sponsorships can be used to signal a company’s position by associating with link-minded brands (Lavidge & Steiner, 1961), an examination of the NBA, 2K League, and LCS’ sponsorship portfolios can provide insight into this boundary-straddling phenomenon.

A network analysis was conducted on the corporate sponsorship networks of the NBA, LCS, and 2K League. Results indicated that the NBA is the most connected league (506.6), followed by the LCS (294.0) and 2K League (198.5) in terms of centrality degree. However, centrality measures do not capture the overlap between leagues’ sponsors, which can be ascertained through homophily measures. Homophily measures found the association of similar sponsors within the 2K League network is greatest at .810, followed by the LCS (.556) then the NBA (.395). This indicates the 2K League has more overlap with both the LCS and the NBA sponsors compared to the overlap between the NBA and LCS. These results were consistent at the team-level; 2K League teams overlap with both the NBA and LCS teams to a greater degree than they overlap with each other.

Theoretically, this research extends knowledge of corporate growth strategies by illustrating how boundary-straddling digital brand extensions can utilize a hybrid of product development and diversification. Rather than adopting one strategy exclusively, the 2K League is leveraging existing NBA sponsors to signal legitimacy while attracting LCS sponsors to entice new fans. As a result, sport organizations should employ a hybrid strategy to optimize their sponsorship portfolio in cases of boundary-straddling brand extensions.