Exploring China's eSports Industry

早稲田大学 大学院スポーツ科学研究科

スポーツ科学専攻　スポーツビジネス研究領域

５０１８Ａ０５０－７

張　淇楽

研究指導教員：　原田　宗彦　教授

Contents

1.Introduction

ESports(electronic sports) combines various industries such as sports, media, and IT. As an emerging industry, it grows rapidly in recent years. The most obvious is that the number of people watching and participating in eSports has doubled in just a few years. Compared to the 47.7 million eSports users in the United States and Europe 4 years ago and the 220 million eSports users in China in 2017, the world eSports audience will reach 453.8 million in 2019. With the increase in the population concerned about eSports, online game watching has not been able to meet the needs of audiences, the holding of offline events has gradually started, the scale of eSports events has gradually expanded, and stadium facilities have also upgraded to cater for eSports events. Such as the League of Legends World Finals held in Staples Centre in 2014, and the 2017 League of Legends Championship held in Beijing Bird's Nest.

Secondly, the growth of the eSports population will also make the output of the eSports industry exceed $1.1 billion in 2019. Among them, South America's revenue of about $409.1 million will become the world's largest eSports market. In China, eSports, as the 78th sports item, was included in the 2019 Chinese sports industry statistical report together with other traditional sports industries. Its economic benefits have also

snowballed, and China will also overtake Western Europe as the second-largest eSports

revenue-producing country (Newzoo, 2018).

Among the rapidly growing eSports users, young people account for the most

substantial proportion, and eSports are very attractive to young people (Hamari &

Sjöblom, 2017). Vice-Chairman of All-China Federation He(2005), said that eSports

could promote the all-round development of young people. Some point out that playing

video games has particular benefits for teenagers. In order to reflect the rapid growth of

the eSports youth population, the Hangzhou Asian Games in 2022 will list eSports as a

formal competition.

However, the public's impression of eSports is more harmful. Words such as

eSports poisoning, heroin, eSports are often the public's impression of eSports(Lu,

2016). Also, the late start of China's eSports, coupled with numerous domestic

restrictions, such as the ban on broadcasting and television and the theory of eSports

poisoning in the media, has led to the stagnation of China's eSports industry. On the

other hand, as a spectator event(Hallmann, 2017), eSports event is the core of eSports,

but its event industry only accounts for 1.2% of the overall eSports industry. The lack of

event products, the chaos of club management, the vicious competition of the live

streaming platform, and the monopoly of events have limited the long-term sustainable development of eSports.

2.Literature review

Use the keywords "eSports industry" and "eSports events" in CNKI.net and Google Scholar to collect data, screen out papers that are meaningful to this study. The current researches on China's eSports industry are focusing on the following aspects: 1. The concept and classification of eSports; 2. The study of the eSports industry; 3. The study of eSports events.

2.1 The concept and classification of eSports

2.1.1 The concept of eSports

As one of the most common and essential leisure activities of human beings, games have been studied and discussed by many scholars. Games have free, fun, goal, conflict, rule, community (Huizinga, 1938; Caillois, 1957; Costikyan, 1994; Crawford, 2003; Suits, 1967; He, 2004). Both sports and eSports, which roots from video games, have these six characteristics.

ESports bases on video games. The fun, goal, and rule of the video game itself perform in a player versus player mode. When reaching the professional level, it is called eSports. In China, the relationship between eSports and sports has become

inseparable since the General Administration of Sports of China announced in 2003 that

eSports had become the 99th sport. Li (2004) defines eSports is a sports activity

between people(teams) and people(teams), using computers (including software and

hardware devices) to create a virtual platform through the network (local area network)

and under uniform competition rules. Xu(2015) points out two characteristics of

eSports, "electronics" is its way and means, and "sports" has the inherent

confrontational characteristics of sports. Overseas scholars have conducted more in-

depth research on eSports. Wagner (2014) defines that eSports is an area of sports

activities in which people develop and train mental or physical abilities in the use of

information and communication technologies.

At the same time, he pointed out that sports science does not necessarily need to

meet the criteria of traditional sports research. More research on the concept of eSports

focuses on the relevance between eSports and sports. The arguments are directing on the

lack of great physicality and institutionalization(Jenny et al., 2017).

However, with the rapid development of the eSports industry, countries have

gradually established eSports management organizations (E.g., ACE, CPL, ESL, JeSU),

recently the world's first global governing body for eSports was launched in Singapore.

However, the lack of physical activity remains, which is the most critical issue that

eSports cannot recognize as a sports activity. Hilvoorde & Pot (2016) indicate that

eSports can be counted as real sports because it implies motor actions with displacing-

directed intentionality. Rudolf et al. (2016) state in their research, "in combinations with

the players' high motor requirements, and eSports is on a par with some other sports

regarding the physiological stresses and strains." Even so, there is still no empirical

evidence proving that eSports has physical activity, so eSports was still routinely

perceived as a form of computer-mediated competitive activities(Freeman & Wohn,

2017).

In general, China recognizes eSports as a sport, and many other countries

consider eSports to be a sport. Nevertheless, as far as academia is concerned, whether

eSports is a sport still needs to demonstrate whether it has physical activity or not. It

cannot deny that eSports is a spectator event (Hallmann, 2017) and has a wide range of

recognition.

2.1.2 Classification of eSports

ESports and online video games are both derived from video games, but He

(2004), vice chairman of the All-China Sports Federation, believes that "eSports is a

good game that stands out from online games. It is a sport in the virtual world of the

Internet following the spirit of sports and the rules of sports." Chinese researchers (He,

2004; Li et al., 2004; Ma & Cui, 2009) point out five differences in ①nature, ②network environment, ③profit methods, ④rules, and ⑤industry chain. A distinction made between online video games and eSports (see Table 1).

① Differences in nature. eSports is competitive gaming, and online video games are entertainment.

② Differences in the network environment. Online games are built on the Internet, without which the Internet cannot exist. eSports rely on the local area network environment, and the Internet is more an option for training or entertainment.

③ Differences in profit methods. The profit method of online video games has been improved, such as game time, game item purchases. The profit method of eSports is not precise, and it is still under development.

④ Differences in rules. Online video games by the game designer to design the game content, there are no binding rules. ESports has relatively clear rules of the game, and these rules are binding in the game.

⑤ Differences between the industrial chain. Online video game services are trading between game makers and game players based product produced. ESports is an event that produced through game watching and competing.

Table 1   Differences between online video games and eSports

Differences	Online video games	ESports
Nature	Entertainment activity	Sporting activity
Network environment	Internet	Local area network & Internet
Profit method	Developed	Developing
Rules	No binding rules	Binding rules
Industry chain	B2C	Spectator event

*He, (2004); Li et al., 2004; Ma & Cui, 2009

Li (2004) divides eSports into two categories (see Table 2). One is digital eSports generated by realistic prototypes, and the other is fictional eSports without realistic prototypes. Among them, the game types are skill, intelligent, and skill and intelligent classes.

Table 2　eSports classification

Category	Type	Project
Digital eSports	Skill	NFS, racing
	Intelligent	Chess
	Skill & Intelligent	FIFA series, NBA series
Fictional eSports	Skill	CS series
	Skill & Intelligent	Starcraft series, Warcraft series

*Li, (2004)

2.2 The study of the eSports industry

2.2.1 Definition of the eSports Industry

He (2013), from a content perspective, indicates that the eSports industry could divide into the eSports industry and the entertainment industry. Moreover, he points out that the core of the entire eSports industry is "sports performance." Hollist(2015) points out, "These matchups-combined with the associated commentary, merchandising, and ticket sales-comprise the eSports industry." The eSports industry is similar to the traditional sports industry from which it derives its name: it is an entertainment industry built around competition, fan loyalty, and spectatorship.

Therefore, the eSports industry has two characteristics of entertainment and competition, similar to the Sports industry. The Sports industry is a market in which people, activities, businesses, and organizations are involved in producing, facilitating, promoting, or organizing any activity, experience, or business enterprise focused on sports. It is the market in which the businesses or products offered to its buyers are sports-related and may be goods, services, people, places, or ideas.

For the eSports industry, it can define as the eSport industry is a market in which people, activities, businesses, and organizations are involved in producing, facilitating, promoting, or organizing any activity, experience, or business enterprise focused on

eSports. It is the market in which the businesses or products offered to its buyers are eSports-related and may be goods, services, people, places, or ideas.

2.2.2 Development of China's eSports Industry

The development of China's eSports industry can be roughly summarized into four development stages (Wu, 2016; iResearch, 2018)

① Germination stage (1998-2003)

With the rise of the Internet cafe industry in 1998, The number of Internet cafes in China has proliferated, and Internet fees have rapidly reduced, making a large number of people come into contact with Internet cafes. At the same time, two classic games, CS and Starcraft, are released in China. These two games have unprecedentedly high adversarial and ornamental characteristics. Among them, the multiplayer versus multiplayer mode loved by people, and the amateur competitions hold in Internet cafes increased gradually; this is also the prototype of eSports clubs. Due to the lack of rules, the events sponsored by Internet cafes and is mainly entertainment.

② Exploration stage (2003-2008)

After the first five years of development, the enthusiasm of the entire Chinese society for video games has risen unprecedentedly. With eSports becoming the 99th sport in China in 2003, it appeared for the first time in front of the public with a positive

image. In the same year, CCTV also established programs mainly based on eSports. Overseas competitions such as CPL and WCG also entered China one after another. Internet battle platforms such as Hao Fang and 11 started to rise. The earliest professional clubs in China, such as wNv and WE, emerged during this period, but the operating model is still in the sponsorship stage of Internet cafe-Internet cafes provide accommodation and training venues, and players solicit business for Internet cafes.

However, in 2004, the "Notice on Banning the Broadcasting of Computer-based Online Video Games." issued by the State Administration of Radio, Film, and Television, caused eSports a massive blow in media promotion and marketing. At the same time, the continuous increase in the number of Internet cafes has reduced the cost of surfing the Internet and has become the cheapest entertainment venue. A large number of Internet users have increased, but the management of Internet cafes has not perfected, which has led to various social problems (E.g., the incident of the Lanjisu Internet Cafe). Internet cafes have become synonymous with unprofessional business, and the social public's recognition and favorability of eSports have arrived at the bottom of the valley. Among the bans and society, China's eSports industry is dying, and only a few eSports people rely on their love and still production for eSports. In 2005, Li

Xiaofeng wore a five-star red flag and stood on the highest podium in the WCG

competition, bringing light to the already dark China's eSports industry.

③ Development stage (2009-2013)

The impact of the 2008 financial crisis in the United States, various advertising,

and sponsors divestment of the eSports industry, resulting in a lack of funds for the

eSports industry. The suspension of domestic eSports events in China, the decline in

advertising revenue and sponsorship revenue has made many clubs unable to make ends

meet, with massive layoffs and even dissolution. The global economic recovery in 2011

made capital re-injected into the eSports industry, and large-scale professional e-sports

clubs in China also saw active investors.

On the other hand, the emergence of the phenomenal product of League of

Legends developed by Riot Games has reactivated the entire eSports industry. At the

same time, the Association of China eSports established by several professional eSports

clubs, responsible for the registration, management, transfer, and event supervision of

professional eSports clubs. It promulgated the management methods for professional

league participating clubs, and the personal behavior rules of professional players

waiting for various regulations played a role in the regulation and supervision of the

eSports industry at the time. In 2013, the General Administration of Sport of China

established a national eSports team to play in the 4th Asian Indoor and Martial Arts Games.

④ Maturity stage (2014-)

In February 2014, the WCG Organizing Committee stated that it would no longer organize events, and this international eSports event ended. Fortunately, Brad Lee, who served as the CEO of the WCG Organizing Committee in the same year, successfully established the WCA with the original team and Yinchuan Shengdi International Game Investment Co., Ltd. to make up for the lack of this international event. At the international 2014 of DOTA2, the Chinese team Newbee won the championship and won a prize of $5 million, which significantly increased the attention of eSports. At the same time, the network live streaming platform entered the eSports industry, which further played a functional role in promoting eSports.

At the same time, with the development of the LPL tournament, the reform of eSports alliances has been promoted, and many cities have landed club venues. In 2018, China won the eSports event in the Jakarta Asian Games, which once again increased the positive perception of Chinese society for eSports. With more and more new eSports venues and the emergence of eSports towns, China's eSports gradually commercialize.

2.2.3 Research on the eSports Industry

China's research on eSports began in 2000. An(2000) points out that with the popularity of computers and the Internet in China, electronic entertainment and games are gradually replacing TV as a traditional form of entertainment and leisure. Lei and Sun(2005) expound the social factors affecting the development of eSports from three aspects: social motivation, demographic characteristics, and social functions. Zhao and Ren(2006) discuss the industrial chain and development model of China's eSports. Xu(2006) and Guo et al.(2008) analyze and collect relevant information on the establishment and development of China's eSports in China, and proposed that the development trend of China's eSports industry has four aspects: standardization and competition. Industrialization and professionalism. Yin(2008) added that the current China's eSports industry is too singular, with fewer professional players and fewer events. Wu (2016) pointed out that China's eSports industry currently does not receive support from public opinion and schools, and that the government supports the eSports industry from a single angle. Besides, due to the large gap in economic levels between eastern and western regions of China, eSports in different regions Uneven industrial development.

On the whole, the discussion of the industrialization and professionalization of eSports is a hot topic in the research of eSports theory. Chinese scholars actively discuss the development status and prospects of China's eSports industry and try to solve the problems in the process of industrialization and professionalization of eSports. However, due to the late start of the China's eSports industry, the research on the industrialization and professionalization of eSports is still in the exploratory stage, and the research on eSports events has just begun.

2.3 The Study of eSports Events

Events are the key to the eSports industry. Because of eSports events, eSports can use as sports in the name of sports. Jenny et al. (2018) indicate eSports events appear to carry significant financial and economic impacts, which are critical mechanisms for long-term facility success. Newzoo(2018) defines eSports events is a competitive gaming tournament or league in which players or teams compete against each other intending to win.

At present, eSports events mainly organized by the State General Administration of Sports, industry organizations, and commercial companies, and there has been less research in the academic community on events. According to the classification of the

event types (Tan et al., 2018), there are three major categories, top professional events (such as LPL, CFPL, KPL) and third-party events (NEST, IET, CEST), and other popular events (such as colleges and universities league, city league, internet cafe league). The types and number of events are gradually increasing.

Tan et al.(2018) pointed out four characteristics of the development of China's eSports: First, the sports event system used in eSports. Establish the home and away system and promote alliance reform; the second is the commercialization of events. With the competition intellectual property(IP) and content production as the core marketing point, and the venue supporting, brokerage operations, cross-border IP, and other derivative marketing together constitute the ecological business model of the eSports competition, the event sponsored brand also shows a diversified trend. The third is the entertainment. The content of the event attaches importance to cooperation and interaction with the entertainment industry to create an " eSports + entertainment" industrial ecological chain. At the same time, it produces a variety of entertainment programs with the theme of eSports to meet the needs of eSports users. Fourth, the normalization of events. With the gradual improvement of the eSports professional event system and the rapid development of mass events, the development of China's eSports events has become increasingly stable.

2.4 Advanced cases of international eSports industry

① Events and competitions

ESL based in Cologne, Germany. The full name Electronic Sports League is an esports organizer and production company that produces video game competitions worldwide. ESL is the world's largest esports company and the oldest that is still operational.

ESL hosts competitions around the globe, partnering with publishers such as Blizzard Entertainment, Riot Games, Valve, Microsoft, Wargaming, and many others to facilitate thousands of gaming competitions annually. ESL Pro tournament divides into three categories, ESL Mega-events, Pro leagues, National Championships. There are 11 game items involved. There are very famous events such as Intel Extreme Masters Katowice 2017 with 46 million online viewers. In the Spodak Arena, brimming with 173,000 spectators, 12 teams participated in the event for the surprisingly small prize pool of $ 250,000. The Polish city in which this event took place, Katowice, was saturated with eSports fans on two separate weekends: February 25th, 2017 to February 26th, 2016; March 3rd, 2017 to March 5th, 2017.

② Club

Regarding eSports clubs, it is worth mentioning that Astralis is the first listed eSports club. Astralis is a Danish club that has maintained outstanding results since its founding. It is a unique dominant team in CS: GO. They successively obtained three top majors, FACEIT, Katowice, and Berlin, and achieved the highest honor of the CSGO project. They are the well-deserved first team of CS: GO. According to the Esports Earning website, Team A has won a total of US $ 7.27 million in prize money, ranking 18th among all eSports teams. Their outstanding results also welcomed well-known sponsors such as Audi, Logitech, and HP. From 16 to 19, Team A achieved total revenue of about 40 million U.S. dollars, including known tournament bonus income of $7.72 million, as well as BLAST series of tournament operations, team appearance fees, commercial activities, gaming revenue, and many other items incomes. There are three primary sources of revenue for their team: one is the sponsorship cooperation with large companies such as Audi, Logitech, and gaming company Unibet; the second is the team 's uniforms and peripherals and other peripheral product revenue; the third is joining the League of Legends League seats earned by the LEC league.

③ Live streaming platform

Twitch, as a live streaming platform with games as its main live content, is the
first choice for overseas audiences to watch e-sports events. In August 2014, Amazon
shocked the gaming and video streaming world by announcing it will be acquiring
Twitch after bidding war with Google, for $ 970 million in cash, only three years from
launching the product.

The business model of Twitch shows in Figure 4. The user subscribes to premium
subscriptions and watching the live streaming, and the user participates in the partner
program to become a host, sell merchandise and obtain a subscription in his channel.
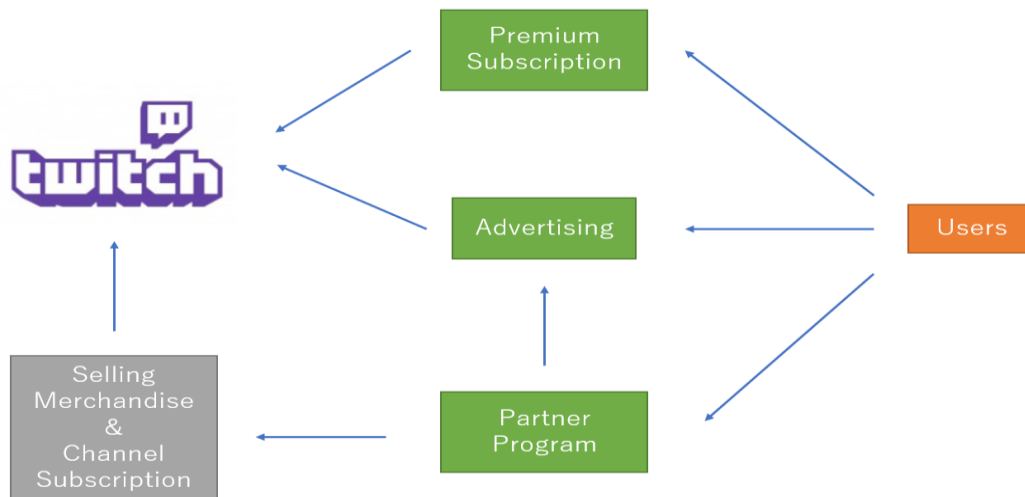Extract by percentage.

Figure 4　Twitch business model

3.Purpose

The objectives of this research is to improve the current status of China's eSports industry. To achieve this purpose, the study is divided into the following steps. Firstly, analyze the existing dilemmas and limitations of China's eSports industry. Secondly, collect advanced cases of the international eSports sector then compared with existing predicaments and barriers. Finally, summarize a effective method about how to develop China's eSports industry suitably.

4 Methodology

4.1 Research Object

China's eSports industry: By studying and analyzing the current status of eSports in China, it provides suggestions for the development of eSports in China.

4.2 Methods

4.2.1 Secondary analysis

Collect the literature on China's eSports industry from CNKI.net, integrate the documents, understand the current situation of China's eSports industry, and summarize the current shortcomings of China's eSports industry.

4.2.2 Interview research

Design interview questions based on the results of Secondary analysis, interview China's eSports industry practitioners (such as club employees, Internet cafe owners, eSports researchers), and understand the current status of China's eSports industry from the perspective of practitioners. Summarize their shortcomings.

4.2.3 Comparative analysis

Based on the results of the Literature reviews and previous surveys, a comparative analysis of China's eSports industry and the eSports industry in the western countries is conducting to evaluate its advantages and disadvantages objectively.

4.3 Research design

The research design shows in Figure 1.

① Collect literature data for secondary analysis;

② Make interview questions based on result 1 and conduct an interview survey;

③ Collect data on the current status of the eSports industry in the western countries and discuss the results with results 1 and 2 to obtain result 3.

④ Based on the results, put forward a stable and sustainable method for the development of China's eSports in the future.
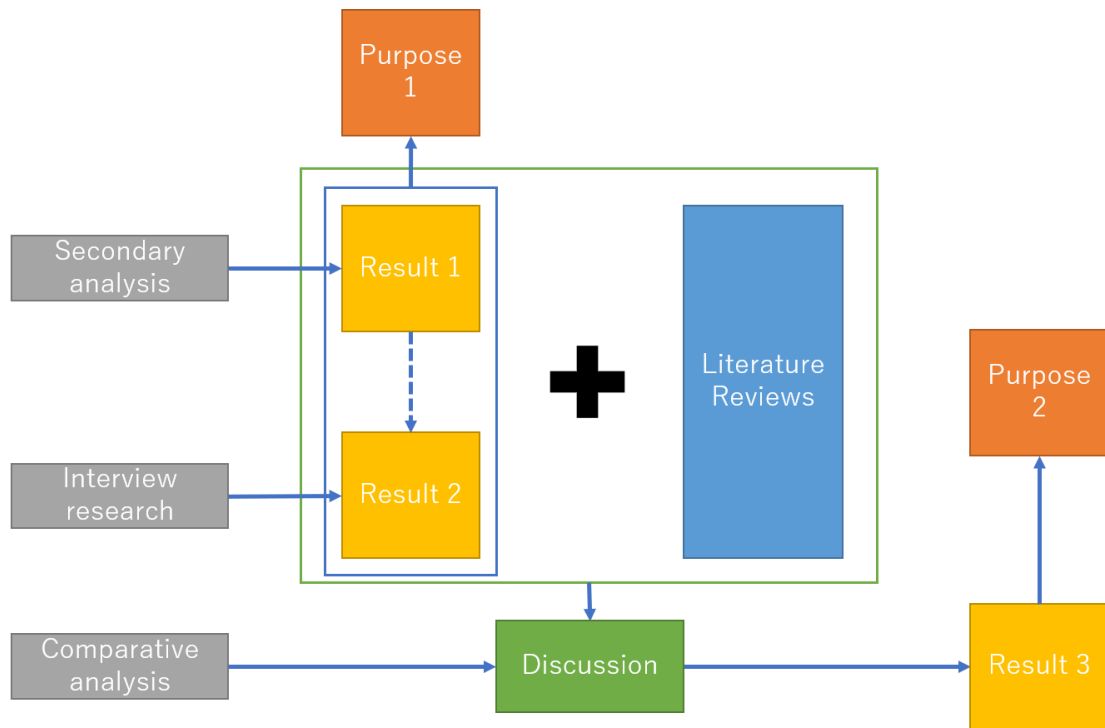
Figure 1 Research design

5.Result

5.1 Secondary analysis

On Oct. 30th, 2019, the CNKI.net database used to collect literature with keywords "China," " eSports / electronic sports," and "industry." There were 328 records in all years. As the research object is China's eSports industry, in order to avoid duplication of collected documents and irrelevant content, the documents with the title of "China" and "eSports" or "electronic sports" were selected. There were 153 works of literature in the year. As Figure 2 shown.
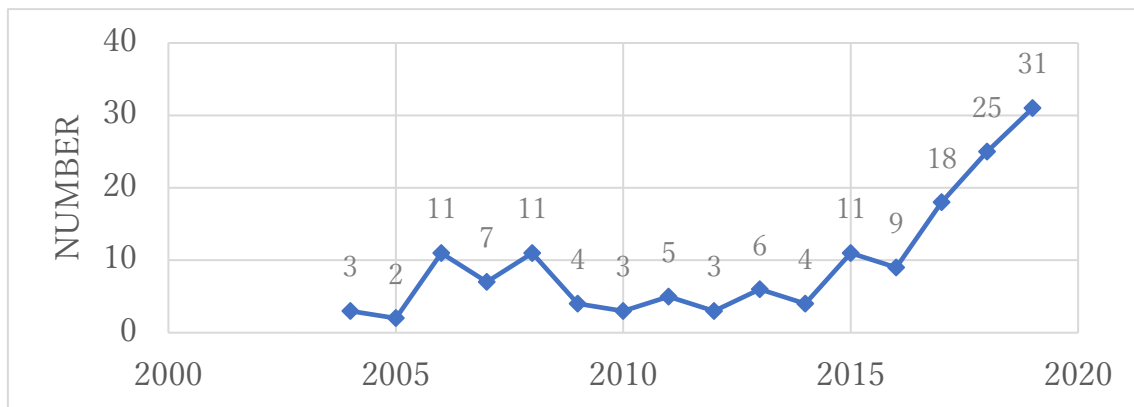

Figure 2 Literature numbers (2004-2019)

Reorganize the literature and divide into five categories of keywords (Figure 3), eSports industry, eSports events, eSports clubs, eSports organizers, and live streaming platforms. There are 103 records of eSports industries, mainly with keywords such as

eSports industry development, industrialization, and sports industry; 48 records of

eSports competitions, mainly with keywords such as electronic competitive sport,

eSports event. professionalism; 16 records of eSports clubs, with professional keywords

such as athletes, professional club, and training eSports organizer has 32 keywords,

mainly including electronic game, video game, and other keywords; the live streaming

platform has 24 keywords, mainly including live streaming, eSports media, and other
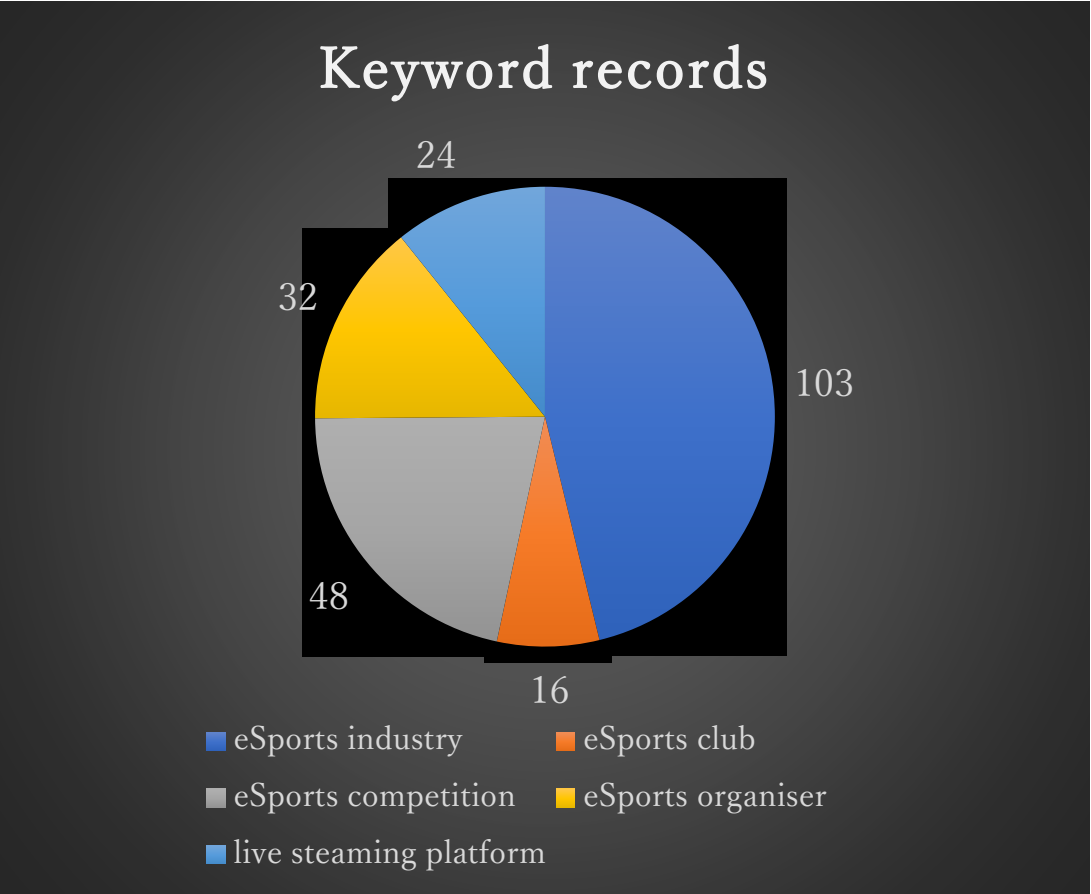
keywords.

Figure 3 Keyword records

Based on the above five categories of keywords, the current problems and

limitations of China's eSports industry are mainly on eSports competition eSports club,

live streaming platform eSports organizer. Result 1 as Table 3 shown:

Table 3 Problems and Limitations of China's eSports industry

ESports competition	ESports club
● Event venue limited ● Sponsors do not pay attention to the domestic market ● Lack of authoritative media ● Lack of brand event ● Rules and regulations immature **(**Zhang & Zhu, 2011**;** Sun, 2007; Yang et al., 2014**)**	● Clubs operating funds mostly rely on personal investment ● Few professional athletes, few professional practitioners, lack of coach ● Low payment, low education background ● Management method need to improve **(**Nie, 2009；Wang, 2019; Hu, 2014; Chen, 2017**)**
Live streaming platform	**ESports organizer**
● The backwardness of live broadcast technology ● Low user stickiness, rely on anchor ● Immature business model ● Copyright issue **(**Ding, 2016; Zhang, 2015; Yang **&** Du, 2019**)**	● Lack of original products ● License cost is high ● Low level of professionalism (Yang et al., 2014; He, 2013; Wang, 2018)

(1) ESports competition

Due to the rapid development of the current eSports industry, the original mode

of online viewing has gradually become offline events. Due to its long history, many

traditional stadiums do not have equipment and facilities suitable for eSports events.

Restricted. The most commonly used eSports arena is the new stadium built after 2010.

Secondly, authoritative media's evaluation of eSports is not high, so many people's

impressions of eSports are still disillusioned. It is for this reason that sponsors still insist

on a wait-and-see attitude towards Chinese eSports activities but has not actively

participated. Also, although many eSports events held in China in recent years, the

number of branded events is still small, and branded events still need to be developed.

Although policies on the development of eSports projects proposed in recent years, the

rules system of eSports projects is still incomplete.

(2) ESports club

Although with the development of the eSports industry in recent years, eSports

clubs have gained more funds, many eSports clubs' operating funds rely on personal

investment, and there are no more sources of financial income. Another more common

problem is that there are very few professional athletes in eSports, and there are very

few professional practitioners related to eSports. At the same time, eSports practitioners have lower wages and education. Most importantly, eSports clubs do not have sound management methods, so many eSports clubs have suffered losses and are unable to continue operations.

(3) Live streaming platform

As an online channel for eSports events, the quality of the live streaming platform directly affects eSports events. The first is its online real-time streaming technology. As the number of online viewers in eSports matches far exceeds the number of offline viewers, such as the 2017 League of Legends S7 World Finals online RNG vs. SKT match, the highest record of viewers is 80 million. However, many live streaming platforms encountered delays, screen freezes, and other issues, which caused many viewers to watch the game less smoothly.

Besides, the live streaming platform itself has no fans and mainly relies on anchors to acquire users, especially some popular anchors. If the anchor leaves, the number of users on the live streaming platform will significantly reduce. At the same time, there is no good business model for live streaming platforms in China. The primary platform's revenue comes from gifts that users give to anchors. Copyright

awareness is also weak, and it is not possible to make full use of the broadcast rights of the game, thereby causing copyright disputes.

(4) ESports organizer

The biggest problem facing China's eSports event organizers is the lack of original eSports product content. At present, game items used in large-scale eSports events, such as League of Legends and Dota2, are produced by overseas game companies. There are no such products in China. Secondly, the license cost of the games used in the incident was high due to the lack of home-made game products. Moreover, the organization of the incident is not very standardized, and the specialization of events needs to strengthen.

5.2 Interview research

Due to the limited information learned from the literature and the rapid development of the eSports industry, the timeliness of the information that can be collected may be insufficient, so this interview research conducted. The questions involved in the interview originated from the results of the secondary analysis. In addition to the question of the industry, it also includes four aspects of eSports competition, eSports club, live streaming platform, and eSports organizer. (See Appendix 1)

In order to understand the current status of China's eSports industry, this interview research surveyed China's eSports industry workers. These participants work in professional eSports clubs, eSports media, traditional sports companies, game development companies, and Internet cafes. The interview duration is about 60 minutes, and the results of the interviews saved as audio recordings.

In order to understand the current status of 4 aspects(competitions, clubs, live streaming platforms, and organizers) of China's eSports industry. This survey interviewed seven China's eSports industry practitioners, as shown in Table 4. Including QG club's coach A, manager B and player C, authoritative eSports media manager D, traditional sporting goods company manager E, game company employee F, and Internet cafe owner G. The interview research was conducted three times, from Nov. 5th to 20, 2019.

Table 4   Research participants

Object	Gender	Organization	Position
A	Male	QG club	Coach
B	Male	QG club	Manager
C	Male	QG club	Player
D	Male	Ecosports	Manager
E	Male	Anta sports	Manager
F	Female	Riot Game	Media staff
G	Female	X eSports	Owner

(1) What is your opinion on the current status of China's eSports industry?

A: Because the development of the (China) eSports industry has not been around

for a long time, now it is developing like the eSports industry, or it belongs to the

growing industry. It needs the support of the country.

B: I think the current development of the eSports industry is still outstanding. eSports

used to be a game concept, so everyone did not know much about eSports. Now

there are many events, clubs, and national policies that also have a certain tilt on

eSports. Now everyone knows what eSports is, and we are looking forward to it, and the eSports industry will get better and better.

C: The eSports industry is getting better and better. I still remember that when I was still playing in an Internet cafe at the beginning, I ate and slept on the chair in the Internet cafe. Later I was signed by the club and moved into a training base. At first, we rented a house in the suburbs. We moved to the city several times, and the training environment is getting better and better.

D: The development of China's eSports industry is very rapid. Several significant events can occur every week. At present, the focus of China's eSports industry should shift to eSports on mobile eSports. At the same time, many international eSports events introduced from overseas. I hope to increase the exposure of eSports.

E: At present, China's eSports industry in China is very lively and dynamic. It is similar to the traditional sports industry, but it is still inferior to the traditional sports industry because the monetization ability of the eSports industry is too weak, and there is no sophisticated business operating system.

F: What I want to do now is long-term development. ESports are developing very fast now, and there are numerous events, but overall it is still very irregular. What can

do now is to gradually standardize the operation and maintain the vitality of the

eSports industry.

G: The development is proper, especially the matches of League of Legends, and PUBG

have attracted many people. I usually watch the matches. With policy support here,

it should still be good.

Summary: Most interviewees are optimistic and positive about the current status of

eSports. They also point out that the development of the eSports industry still requires

government policy support, but there are still issues that cannot underestimate.

(2) What is your opinion on the current China eSports events/competitions?

A: The playing field is getting better and better. At the earliest time, when I was in an

Internet cafe, I could only watch the game behind the team members to command.

Initially, I could not see the real-time game picture in the background during the

game, but now I can see it in the background, which allows me to understand the

situation of the game better and make more adjustments and arrangements.

B: The KPL events that our club are participating in are getting better and better. With

the holding of the secondary league, we also set up a second team to participate in

the game. Besides, there are many trials, and we are also recruiting and training

reserve players for the trials. Another point is that the event sponsors have

diversified. The early sponsors mainly concentrate on computer and hardware

manufacturers. Now the clothing and beverage industries have also started

sponsoring eSports events.

C: Now, there are more and more spectators coming to the game, and then the logo on

the team uniforms is also increasing. The place where we go to the game is quite

fixed, basically the Shanghai eSports Center.

D: In recent years, it has been a blowout period for the event. Because the state has also

issued policies to support the eSports industry, and at the same time, the Asian

Games in 2022 will also have eSports events, so the rules and systems of the event

are gradually improved. It is worth noting that in addition to the ever-popular end-

games in eSports events, mobile games have gradually become the center. Not only

male players, but female players have also joined. In particular, the current 5G

network is also gradually popularizing, and mobile game eSports events should

become an essential part of China's eSports industry in the future.

E: At present, there are specific rules for the event, but the current holding of the event

is not standardized, and it is still in the exploration stage.

F: I am quite satisfied with the current eSports events, and watch every competition live

online. The experience of watching live games on the live platform is not very good.

The first is that when you watch the game if you choose the highest picture quality

will cause a freeze. The big reason is that too many viewers watch, and the live

streaming platform server load is insufficient. The second is the issue of the

communication environment. Frequently, there will be comments that discredit

others.

G: Our store is also running events. There will be a small game once a month. When the

big league has live streaming, we will also play it in the store. On the one hand,

holding events can stimulate players who love eSports around to shop in the store.

On the other hand, it is also a way to enhance our store brand. I think there will be

no shortage of players when there are events.

Summary: The current development of eSports events is relatively stable, and the

government and China's eSports industry are gradually improving the rules and

regulations of eSports events. In addition to the computer side, the eSports event on the

mobile game side will also become an essential event type in the future. The event

attracted the participation of eSports users, and hosting the event has become a brand

building and marketing method for Internet cafes.

(3) What is your opinion on the current China eSports Clubs?

A: There are quite a few clubs established in recent years, but there are only 15 clubs that can participate in large events such as KPL. In the club, I am responsible for the usual training and tactical arrangements of the players. At the same time, I will go to the reserve team to see the situation and select a few reserve players.

B: The club's current primary sources of income are title, sponsorship, cooperative customization, peripheral products, endorsements, as well as some active income and tournament bonuses. We are happy to cooperate with other brands, such as launching our Co-branded T-shirt with 361° company. Our club has just received a round of financing, and we hope to establish our club brand.

C: The club bears food and accommodation. There is a fixed salary every month. If you win the competition, there will be a bonus. Similar to regular work, there will be about 6 hours of personal training and 4 hours of competition training every day. There is a gym where you live, and you usually go to exercise for an hour every day, which also counts as training time. However, training will intensify before the competition, and there is no rest time.

D: There are two significant problems for clubs. One is the management system. At present, many clubs run deficits because of improper management. They rely on

personal investment and do not have a stable source of income. The second is the

personnel training system. The eSports club does not have a complete talent training

plan, and the courses of professional eSports staff (such as coaches, technicians)

only developed for a short time. Whether it can be useful or not needs to be tested.

E: Because the development of the club is not very stable now, it depends more on the

game results. If the eSports club has good results, the company is willing to sponsor

it. Clubs with poor results do not have too many opportunities for competition, and

star players do not. Such club companies will not sponsor them.

F: In addition to the old clubs that have existed long ago, there are emerging clubs that

are heavily invested by individuals. However, there is a severe problem that the club

itself is too dependent on the investor and cannot operate itself. If the investor no

longer invests, the club's capital chain will break.

G: I heard that most clubs are unable to make ends meet now. I wanted to gather some

people who like eSports and can set up a club, but I did not consider the cost.

Summary: Many clubs have a deficit problem; the club's current situation is not

optimistic. At present, the club has two most significant problems: First, the imperfect

management model of the club is related to the survival of the club. The second is the

lack of a professional talent training system. The training courses for eSports

professionals established shortly still need to test, and the selection of eSports players also needs more improvement.

(4) What is your opinion on the current eSports live streaming platforms?

A, B, C: At present, there are many live streaming platforms. King of Glory mainly based on Tencent's live streaming platform. Although contacted by the live streaming platform, we hope that we can broadcast live on their platform, but because King Glory is a game developed and operated by Tencent, there is also Tencent's live streaming platform in the game. At the same time, because of participating in the KPL league, we also have an agreement not to broadcast live.

D: The live streaming platform does not have a brand of its own. It is more like a vegetable market. There are many vegetable stalls. Then the platform users themselves find their favorite vegetable stalls for consumption. Users do not value vegetable markets, but vegetable stalls. If the vegetable stall is not available, users will not come to this vegetable market again.

E: The current live streaming platform is similar, and the operating model is the same. Signing anchors, and commissioning from the gifts that users give to anchors.

F: Bilibili spent about $120 million to purchase the exclusive live streaming rights for the League of Legends Global Finals in China for three years, which should be the

most critical event in the live streaming platform circle. The tens of millions of

viewers attracted by large-scale eSports events have made various live streaming

platforms aware of the importance of copyright.

G: In fact, the live events in our store are all directly using the resources of the live

streaming platform. Live streaming platforms are the same. We pick up the platform

which has the resources of the event.

Summary: the live streaming platform does not have its brand value but relies on the

anchor to obtain users, and the operating model of each platform is the same. In order to

shape the brand identity of themselves, the copyright of eSports events is particularly

important. However, the copyright of the event is still limited mainly by the game

developers.

(5) What is your opinion on the organizers of China's eSports events/competitions?

A, B, C: The events we participate in are professional and third-party events. The

participation fees for professional events are high, and third-party events are

relatively cheap. Like League of Legends, Dota2 professional events organized by

Riot Games and Valve, the game developers themselves. At present, we will also

actively participate in third-party events such as the National Electronic Sports

tournament organized by the General Administration of Sports in China. In

comparison, professional tournaments are definitely more professional, and domestic third-party tournaments have a late start and are still immature.

D: The event organizer is often the developer of the eSports game. They have ownership of the game, so the third-party event organizer is limited, and the game developer needs to pay a considerable fee to the game developer to obtain the game in the competition — the right of use.

E: At present, because there is no independent game content in the country, if you hold an eSports event, you have to pay like a game development company.

F: In 2015, Tencent acquired Riot Games and acquired the ownership of League of Legends. At the same time, Tencent also independently developed King of Glory. These two games have also achieved LPL and KPL, the two most popular leagues in China.

G: Because Internet cafes are now gradually becoming small eSports venues. There are events holding every week. However, to hold eSports events, you need to obtain a license from a game development company. If it is League of Legends, the license is still relatively easy to obtain, but games like PUBG and Dota2 are more cumbersome to obtain a game license.

Summary: Most of the organizers of the event are game developers who have the right to use the game. Otherwise, they will have to pay a massive fee for the right to use the game. At present, there is no self-developed game content in the China's eSports industry, so the hosting of events is still subject to certain restrictions.

5.3 Comparative analysis

ESports started early in France, Sweden, and the United States, and has established a standardized professional system. The first eSports event happened in America in 1972 (Bountie Gaming, 2018). In 1980 Nintendo also hosted game tournaments throughout the United States. However, China's eSports industry started to germinate only in the late 20th century. It started late but developed rapidly, but its business model is immature, and there are many problems. According to a survey by iResearch (2019), China's eSports users have reached 350 million in 2018, while US eSports users are only 178.7million people (Newzoo, 2018). At the same time, the number of people participating in eSports is also increasing, which makes China the largest eSports market in the world, and has laid the foundation for the development of China's eSports industry.

Compared with European and American eSports events, there were no professional game leagues like the Professional Gamers league and Cyber athlete Professional league in the early China's eSports industry, and there were no professional events. In recent years, the professionalism of China's eSports events, which has gradually developed, is insufficient. It is still necessary to further improve the event system and develop national standards.

In recent years, in order to develop the eSports industry, many eSports parks have been established, for instance, the Hangzhou eSports town, to some extent, the problem of restricted venues has been solved. China's eSports events are still at a disadvantage in terms of media propaganda. There are no authoritative media reports like THE ESPORTS OBSERVER and eSports Insider. Most of them are propaganda reports on eSports events through the media. At the same time, the game items of eSports events are too singular. The current brand events LPL and KPL leagues are both MMORPG games. In contrast, European and American brand events have more diversified game items.

The current status of China's eSports clubs is not optimistic, and many clubs are operating at a deficit. First, the management model is not perfect, which causes the operating funds to rely on personal investment mainly; second, the lack of a

professional talent training system, resulting in insufficient club professional talents.

Among European and American clubs, such as the Astralis Group, relying on its

operations to become the world's first listed eSports club (Handrahan, 2019). Besides,

there are European brands such as Fnatic selling their franchise goods, and joint names

with other brands such as Hello Kitty The launch of cooperative products, the club can

operate itself. In terms of talent training, European and American eSports clubs have

their talent training systems, and universities have established eSports majors and

provide scholarships. For example, Robert Morris University provides scholarships for

student eSports players. According to survey data from Newzoo (2018), there are more

than 5,000 professional eSports athletes registered in Europe. China only opened

eSports professional athletes registration last year, and currently only has 85 registered

athletes.

China's live streaming platform does not have its brand value. Live streaming

content is also diverse. It relies heavily on anchors to acquire users, and the business

model is the same. Compared with Twitch.TV, first of all, it has its brand characteristics.

The main live content is video games, so the user base is also relatively stable, and all

game lovers. The second is its business model. Twitch.TV purchases premium

subscriptions through platform users watch advertisements and join partner programs to earn revenue (Schwartz, unknown).

Currently, most of the games used in computer-based eSports events developed by overseas game companies. There is no original eSports game in China. Therefore, holding an eSports event means paying a high license fee, which affects the hosting of Chinese eSports events. In terms of mobile eSports events, because Chinese game companies developed the games used in the events, the cost of the license fee was reduced, such as the KPL league, which has developed rapidly.

As mentioned above, the advantages and disadvantages of China's eSports industry summarized as follows.(Table 5)

Table 5 Advantages and disadvantages of China's eSports industry

Object	Advantage	Disadvantage
ESports industry	Popularity; Population	Immature business model
ESports competition	Mobile events; League of Legends; number of events	Single
ESports club	Rich investor	Management method; Training system
Live streaming platform	Number of the users	Irregular; No brand value; Poor business model
ESports organizer	Mobile game	No original games

6.Discussion

Based on the gradual increase in the number of eSports population, China's eSports industry has enormous development potential. However, at present, the e-sports industry lacks a mature business operation model, which is bound to become an obstacle that restricts the future development of the eSports industry. How to develop the eSports industry and how to adjust the industry and integrate eSports resources need to be solved. The development of local events in China is relatively stable. However, there are fewer brand events, single projects, and a lack of original content. The media promotion of the event is also mainly through online media. Traditional media uses less, and media that lacks credibility also rarely report eSports related content. Content development of eSports events and the expansion of media will also need to be issued in the future. The improvement of eSports club-related management methods and talent training plans are essential issues that need to discuss. Live streaming platforms lack brand value and lack the commercial profit model, which is one of the reasons why many platforms do not have credibility. How to create and improve the brand value of live broadcast platforms need to be solved. For the esports organizer, how to organize eSports events more professionally and systematically will become the future development goal.

7.Conclusion

Although China's eSports industry started late, and the industry's overall business operation model is far inferior to that of western countries, China's eSports population is vast and has full potential. At the same time, the vast eSports population is also a double-edged sword. If the business operation of the eSports industry badly in time, a large number of eSports populations will be lost, causing irreparable losses.

Therefore, first of all, keep the diversity of eSports events, so that participants and spectators can find the eSports events they love. Secondly, for the current brand event LPL, KPL keeps developing, increasing the positive publicity of the media, and attracting more fresh blood to the eSports industry.

Furthermore, the management method of the eSports club has changed to improve its business operation capabilities. In terms of personnel training, it has established courses in eSports to strengthen cooperation and exchanges with universities.

The live streaming platform needs to establish its brand and standardized development in order to increase the user's attention to the platform, at the same time, strengthen the business operation capabilities and create more revenue opportunities. Event organizers need to develop their original game content for longer-term operations.

References

An, (2000). 国际竞技新热点——电子竞技(New International Sports Hotspot-eSports). 天津科技(*Tianjin Science and Technology*)

Bountie Gaming, (2018). The history of eSports. Retrieved 11 December 2019 from https://medium.com/@BountieGaming/the-history-and-evolution-of-esports-8ab6c1cf3257

Chen,(2017). 中韩两国电子竞技俱乐部管理对比研究(Comparative Study on Management of eSports Clubs in China and South Korea).贵州体育科技(Guizhou Sports Science and Technology)

Ding,(2016). 我国电子竞技直播平台的发展模式探究探析(Research on the Development Mode of eSports Live Broadcasting Platform in China). 浙江传媒学院(*Zhejiang Media University*)

First global body for eSports headquartered in Singapore, preparations for 2020 Games underway. (2019). Retrieved 1 January 2020, from https://www.channelnewsasia.com/news/sport/first-global-body-e-sports-headquartered-singapore-2020-games-12187846

Freeman, G., & Wohn, D. Y. (2017, May). eSports as an emerging research context at CHI: Diverse perspectives on definitions. In *Proceedings of the 2017 CHI Conference Extended Abstracts on Human Factors in Computing Systems* (pp. 1601-1608). ACM.

Guo & Li, (2008).对我国电子竞技运动发展趋势的探讨 (Discussion on the Development Trend of eSports in China). 科技资讯 (*Science and Technology Information*)

Hallmann, K. & Giel, T. (2018). eSports–Competitive sports or recreational activity?. *Sport management review*, *21*(1), 14-20.

Handrahan, (2019). Astralis Group plans first ever IPO for an eSports team. Retrieved on Jan, 5th, 2020.https://www.gamesindustry.biz/articles/2019-11-29-astralis-group-plans-first-ever-ipo-for-an-esports-team

He,(2004). 电子竞技的相关概念与类型分析(Analysis of related concepts and types of eSports).体育文化导刊(*Sports Culture Guide*)

He,(2013).中国电子竞技产业的现状和发展研究(Research on the Current Situation and Development of China's eSports Industry). 上海外国语大学 (*Shanghai International Studies University*)

Hilvoorde, I. V., & Pot, N. (2016). Embodiment and fundamental motor skills in eSports. *Sport, Ethics and Philosophy*, *10*(1), 14-27.

Hollist, K. E. (2015). Time to be grown-ups about video gaming: the rising eSports industry and the need for regulation. Ariz. L. Rev., 57, 823.

Hu, (2014). 我国职业电子竞技俱乐部管理运营现状研究（Research on Management and Operation Status of Professional eSports Clubs in China. 北京体育大学（*Beijing Sport University*）

iResearch, (2018). Retrieved 11 December 2019 from http://report.iresearch.cn/report_pdf.aspx?id=3147

iResearch, (2019). Retrieved 11 December 2019 from https://sports.ifeng.com/c/7m3lYOvjoHk

Jenny, S. E., Keiper, M. C., Taylor, B. J., Williams, D. P., Gawrysiak, J., Manning, R. D. & Tutka, P. M. (2018). eSports Venues: A New Sport Business Opportunity. *Journal of Applied Sport Management*, *10*(1).

Lei & Sun, (2005). 电子竞技体育的社会学分析(Sociological Analysis of eSports Sports). 沈阳体育学院学报(*Journal of Shenyang Physical Education Institute*)

Li et al. (2004). 电子竞技运动的概念、分类分类及其发展脉络研究(Research on the Concept, Classification and Development of eSports). 天津体育学院学报(*Journal of Tianjin Institute of Physical Education*)

Ma & Cui, (2009). 电子竞技与网络游戏的概念界定(Definition of eSports and Online Games). 四川教育学院学报(*Journal of Sichuan College of Education*)

Nie, (2009). 西安市电子竞技运动的发展现状及对策思考(Development Status and Countermeasures of Xi'an eSports). 陕西科技大学学报(自然科学版)(*Journal of Shaanxi University of Science and Technology (Natural Science Edition)*)

Retrieved 1 January 2020, from https://asociacionempresarialesports.es/wp-content/uploads/newzoo_2018_global_esports_market_report_excerpt.pdf

Retrieved 1 January 2020, from https://strivesponsorship.com/wp-content/uploads/2017/12/An-overview-of-esports-in-Europe-Newzoo.pdf

Rudolf, K., Grieben, C., Achtzehn, S., & Froböse, I. (2016). Stress im eSport–Ein Einblick in Training und Wettkampf. In *Paper presented at the eSport conference Professionalisierung einer Subkultur?*.

Schwartz, N. (2019). How does Twitch.TV make money? | Hacking Revenue. Retrieved 1 January 2020, from http://hackingrevenue.com/revenue/revenue-spotlight-twitch-tv/

Sjöblom, M., & Hamari, J. (2017). Why do people watch others play video games? An empirical study on the motivations of Twitch users. Computers in Human Behavior, 75, 985-996.

Staff, G. (2020). Astralis [ASTGRP:CO] IPO proves that esports companies can justify a 17x multiple on the NASDAQ - Gaming Street. Retrieved 1 January 2020, from https://www.gamingstreet.com/astralis-astgrpco-ipo-proves-that-esports-companies-can-justify-a-17x-multiple-on-the-nasdaq/

Sun, (2007). 我国电子竞技赛事组织管理研究 (Research on Organization and Management of eSports Events in China). 北京体育大学(*Beijing Sport University*)

Tan et al. (2018).我国电子竞技赛事发展研究(Research on the Development of eSports Events in China).体育文化导刊(*Sports Culture Guide*)

Wagner, M. G. (2006, June). On the Scientific Relevance of eSports. In *International conference on internet computing* (pp. 437-442).

Wang, (2018). 我国电子竞技发展的机遇和挑战(Opportunities and Challenges for the Development of eSports in China). 河南教育学院学报(自然科学版)(*Journal of Henan Institute of Education (Natural Science)*)

Wang, (2019).简析我国电子竞技俱乐部的发展(A Brief Analysis of the Development of eSports Clubs in China). 运动(*Sport*)

Wu, (2016). 我国电子竞技产业发展的现状及对策研究(Research on the Current Situation and Countermeasures of China's E-sports Industry Development). 西安体育学院(*Xi'an Institute of Physical Education*)

Xu & Yang, (2006).对电子竞技运动发展的初步探讨(A Preliminary Discussion on the Development of eSports). 周口师范学院学报(*Journal of Zhoukou Normal University*)

Xu, (2005). 电子竞技运动的发展特征及其类型分析(Analysis on the Development Characteristics and Types of eSports). 南京体育学院学报(社会科学版)(*Journal of Nanjing Institute of Physical Education (Social Science Edition)*)

Yang & Du, (2019). 电子竞技媒介传播的现实困境与应对策略(The Realistic Dilemma and Coping Strategies of E-sports Media Dissemination). 质量与标准化 (*Quality and Standardization*)

Yang et al., (2014). 中国电子竞技产业的现状、问题与发展对策(Status, Problems and Development Countermeasures of China E-sports Industry). 首都体育学院学报 (*Journal of Capital Institute of Physical Education*)

Zhang & Zhu, (2011). 基于 SWOT 的电子竞技赛事商业价值开发分析(Analysis of Commercial Value Development of E-sports Events Based on SWOT).中国市场 (*Chinese Market*)

Zhang, (2015). 电子竞技直播的平台化研究(Research on Platform of E-sports Live Broadcasting). 暨南大学(*Jinan University*)

Zhao & Ren, (2006). 中国电子竞技运动产业化发展模式研究(Research on the Development Mode of China eSports Industrialization). 武汉体育学院学报(*Journal of Wuhan Institute of Physical Education*)

Appendix

Appendix 1 – Interview questionnaire

Thank you for taking the time to participate in this interview. This interview aims to understand the current situation of China's eSports industry and improve existing problems to contribute to sustainable development of China's eSports industry. The interview time is about 30 minutes to 60 minutes, and the interview will use audio recordings. The content of this interview is only used for academic analysis. The respondents will handle it anonymously and will not disclose personal information. Thank you again for your cooperation! Thank you!

<div align="right">

Waseda University

Graduate school of Sport Science

Zhang Qile

</div>

Date：_____

Personal Information

Name	
Age	
Profession	

Organization	
Position in organization	
Academic background	

The following is the questions：

1. What is your opinion on the current status of China's eSports industry?

2. What is your opinion on the current China eSports events/competitions?

(Venue/Sponsor/Media/Brand event/Rules and regulation)

3. What is your opinion on the current China eSports Clubs?

(Financial situation/ Human resources / Athlete status / Management Method)

4. What is your opinion on the current eSports live streaming platforms?

(Live broadcast technology / Anchor / Business model / Copyright issues)

5. What is your opinion on the organizers of China's eSports events/competitions?

(Original product / License / professionalism)