

# Esports as a phenomenon of new trends in tourism : a gaming experience through digital and live events

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**ESPORTS AS A PHENOMENON OF NEW TRENDS IN TOURISM:  
A GAMING EXPERIENCE THROUGH DIGITAL AND LIVE EVENTS**

**Master Thesis**

**Lea Popović**

**Zagreb, September 2023.**

**University of Zagreb**  
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**Zagreb, September 2023.**

**Summary:**

Esports is an infantile industry, it implies gaming competitions in forms of dynamic tournaments, events and online streams that are continuously growing in value, especially when intertwined with other industries, because of the industry's digital essence and the roles that sponsors and shareholders have in it. This thesis thoroughly explains esports through several aspects of three main categories of gaming and esports in general, tourism and event management, emerging technologies, and business models of digital economy. The main premise of this thesis is connecting tourism and emerging technology to esports, so that the esports business model can be enhanced and have even better results, as the researchers already predict a successful future for esports since its explosion of popularity in the post-pandemic period. The theoretical part of the thesis is additionally affirmed with in-depth analysis of four illustrative case studies and an insight from Croatian esports agency in the form of an interview.

**Keywords: Esports, video games, tourism, digital trends, event management**

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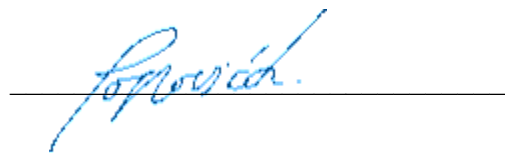
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# **1. Introduction**

## **1.1 Topic and Goals of the Thesis**

This master thesis will connect the topics of modern tourism trends with the rising industry of gaming – specifically esports as a competition event, and that being possible in the context of emerging technologies and study the potential of esports becoming an important direction of tourism that won't be as affected by outer risks as the traditional one (as it will be partly digital and therefore both options will be possible).

On one hand, after the pandemic of Covid-19, tourism and all its consequences the industry has to be ready for other possible extreme situations as this was, and the tourism as it was before the pandemic simply cannot be an option anymore and has to have a 'just in case scenario' to function. On the other hand, esports could be an ideal answer for that as it comes in the form of an organized event that features a multiplayer video game competition between several professionals in the form of individuals or teams.

Even though the event itself is imagined as a live occasion that creates amazing and energetic atmosphere among its participators and the audience, it can always be organized in an online way, and viewers can experience it from the comfort of their home too. It could be said that online events cannot parry the live ones, but with the continuous progress of emerging technologies, one day, digital events might be as high in quality as live ones using technology to enrich the overall experience.

Throughout this thesis, the focus will be on the upgrade of the traditional live events and on the further enhancement of the digital one, as the future of esports live and digital (possibly hybrid) events will be explained with the usage of technologies such as different forms of IT infrastructure, Artificial Intelligence, Virtual and Augmented Reality, Big Data, Internet of Things, Machine Learning and many others that will enhance this experience and bring more value to all participants.

Goals of the thesis:

- To describe the esports industry in general (as a subset of the gaming industry that is rising in popularity), to clarify the practical implementation in tourism industry (and what sets out this event type apart from others) and the impact that technology has on it now and will have in the future (predictions, possible directions, and features)
- Prove that esports popularity will rise in the whole world and especially Europe, and therefore become both a valid and well-recognized sport competition and attractive event that will be a great option since the risks will be minimal compared to other events (concerts, parties, sports, etc.)
- To demonstrate the practical performance of esports events organized by big esports/gaming companies ESL, IESF, Tencent LTD and showcase the platform of Twitch
- To describe the role of Croatian esports, its potential of developing year-round tourism and attracting younger populations by branding Croatia as one of primary esports destinations in Europe

## **1.2 Explanation of methodology**

To validate the specific goals of the thesis the methods that were used are the following: obtaining various related topic in fields of emerging technology, esports, event management and tourism through detailed literature studying (primary and secondary data), using the data to draw relevant conclusions and use graphical and statistical methods to support the claims that were observed and give relevant interpretation of that data.

All the data is collected through online academic fields of literature such as e-books and articles regarding modern and innovative industry such as gaming (esports) and connecting it with the theory of upcoming novelties in emerging technologies, having in mind that the product itself is more than a usual tourism event or a conference in the context of tourism.



As experts and enthusiasts see the value and potential of the idea, the companies that bring these kinds of events to life will be used as a model to also explain the practical implications of this business model in real life and digital surroundings from academic sources. Also, an unstructured interview (which will be done with Good Game CEO) will be used to get an insight in the state, potential and goals of Croatian esports and Good Game Global's company's role.

### **1.3 Structure of the Thesis**

The thesis structure is presented in a way that firstly, the reader is being introduced in all the topics important to understand esports, events and emerging technologies as separate topics, so that later, when these topics intertwine, the reader can clearly understand the reasons for certain conclusions. After the general introduction, every topic is described in detail so that anyone can understand the explanations and terms used.

After everything is clear on important and crucial points, topics and aspects that are elaborated are the following: how are esports events getting aligned with digital economy trends, what are the advantages/disadvantages of digital technologies in esports now and in the future, how can IT infrastructure contribute in online event organization and what is the quality of online event compared to the live one now (and possibilities for the near future with better developed emerging technologies) and the general idea of esports in the context of e – business and digital business and the safety of its data.

## 2. Esports, Tourism and Emerging Technologies

Today, esports is defined as an independent and diverse phenomenon and it is a merging element from several industries such as sports, culture, media, entertainment, and the economy within a digital setting. So, it is essential to view esports as a noteworthy part of the digital world. <sup>1</sup> Throughout history we've been introduced to a type of competition in the form of classical sport or a traditional sport such as any sort of ball game, martial arts, or motor sports. Even though it is possible to compete in playing well-known sport games, the games featured in esports mostly have the player in the role of a hero who possesses a special set of skills (which also demands the player to understand and know these abilities well in order to be skillful in the particular game), under a certain game regulations; but the most important characteristic is the ability to form this kind of contest in a digital environment which occurs in esports as several people join the same digital platform instead of people playing live sports in an outdoor environment. Because of that special circumstance, esports differ in the possibility to organize competition events either completely digitally (online) or live as a LAN (local arena network). <sup>2</sup>

That's where it becomes an interesting form of an event to look at from a touristic point of view, as it doesn't have to be entirely live as everything else (concerts, congresses, celebration, festivals and other similar occasions) which solves a problem which traditional tourism faced in the pandemic of COVID-19. To be more specific, esports also had certain drawbacks and many of the events were, due to this situation, instantly canceled too; but there was an option to move it into online ambience unlike the standard sports which was automatically a great privilege; which is why gaming and streaming both acquired giant growth. Esports is not often viewed from an economic point of view but there are some obvious reasons for the exponential growth, especially now that the pandemic is over. One of the main ones is the accessibility of technology to anyone, as many young generations (as the main audience) use portable devices daily. What's kept esports growing in popularity is Twitch Tv, as it reshaped it into a spectator sport and supported its innovativeness and development over time. <sup>3</sup>

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<sup>1</sup> Scholz, T. M. & Nothelfer, N. 2022, Research for CULT Committee – Esports, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels, page 29

<sup>2</sup> Block S., Haack F. (2020). eSports: a new industry, SHS Web of Conf., Volume 92., page 2

<sup>3</sup> Ibidem, pages 3 - 7

Moreover, the event industry has the same advantage, in a way that it has been improved due to digital innovations and is, therefore, becoming one of the most gainful on the global level. Adjustment to digital innovation has brought a general upgrade of both management and operations and brought disruption in a positive way. Besides, technologies are used as enhancement tools for customers/event guests by easy information access which leads to easier decision making and a better experience in a case of live event which is also described with a term “smart tourism system” which fulfills the needs of tourists and other stakeholders with providing authentic data, large amount of mobility and coherent decision making. <sup>4</sup>

In addition, tourist interest and attention can easily be directed to any kind of sporting activity in the structure of an event, so the same goes for esports because it can be a motive for mass tourism movement and a possibility for creating a new innovative consumer product as a consequence of this futuristic trend. Organizing an esports event would require a destination that meets requirements such as infrastructure for a functioning and swift network, availability of a conference center (or a sports stadium/anywhere else where such an event could be carried out) and most importantly, a team with a know-how in a technological sense as that is crucial feature for a host of this kind of event. To a city that is already flourishing in the tourism aspect, this kind of event could only prolong its season and attract new age groups and contribute to year-round tourism. Accordingly, esports can be a step into not only upgrading existing tourism but a step into developing intelligent tourism services. <sup>5</sup>

As mentioned earlier, esports growth and future prediction of success indicates that technologies will play a crucial role in continuous enhancement of the service by improving the customer experience and immersion. The technological updates and adaptation of the emerging technologies are closely tied to investing activities, as not only spectatorship increases, but tempting prize pools are the main prerequisites for it. <sup>6</sup>

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<sup>4</sup> Hassan, A. (Ed.). (2022). *Digital Transformation and Innovation in Tourism Events* (1st ed.). Routledge, 258 pages, pages 2 and 8

<sup>5</sup> Katsoni, V., van Zyl, C. (Eds.). (2021). *Culture and Tourism in a Smart, Globalized, and Sustainable World*. Springer Proceedings in Business and Economics. *eSports Tourism: Sports Tourism in a Modern Tourism Environment*, 7th International Conference of IACuDiT, Hydra, Greece, page 112

<sup>6</sup> Cranmer, E. E., Han, D.D., van Gisbergen, M., Jungt, T. (2020). *Esports Matrix: Structuring the esports Research Agenda*. *Computers in Human Behavior*, 106671, pages 16 and 17

What remains important too, is that esports remains fair for everyone in a way that the technological differences are leveled among the players competing, so that play, participation, and spectatorship remains smooth. That is completely possible in the Asian market as there are esports stadiums arranged so they guarantee that player's results depend primarily on skill and not on the tech equipment. A new technology that wouldn't interrupt this but could bring a new experience would be virtual reality (VR) as it would enable a presence in a computer-generated environment feel and create an option for more inclusivity as it would allow a larger scale of skill groups of people to participate and so the crowd could be event more involved. Another idea would be to use track technology to monitor players' health conditions, it would give a completely new and interesting insight into the competition itself. <sup>7</sup>

A very similar technology to VR, Augmented Reality (AR) was already introduced through the industry of gaming, as that's where most of technological progress is utilized, which was cleverly designed with having in mind the individual's emotion of nostalgia as the main driver for AR-driven Pokémon game "Pokémon Go". The game's uniqueness can be assigned to phone-accessibility to anyone, anywhere (as one could access the game from both inside their homes or outside, even in nature or countryside) and experiencing a virtual world through optical lens of a camera while slowly strolling, which was extremely innovative. Soon, with gaining popularity, this technology spread to industries of tourism and marketing. <sup>8</sup>

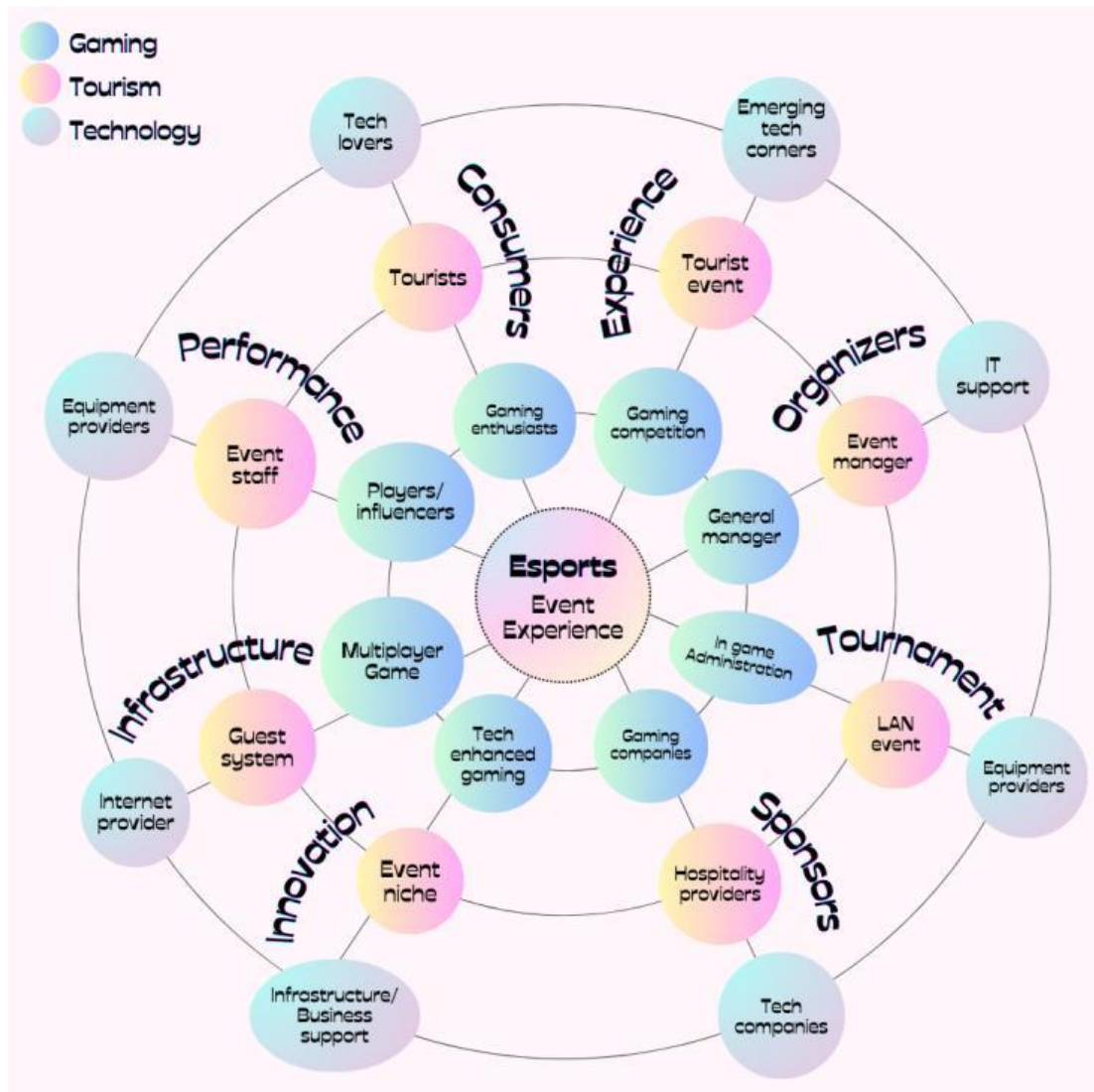
The technology could not only be integrated into esports events, but also into business models of the esports industry which will be elaborated more closely in the upcoming chapters. Now that all the fields of this paper as well as their connecting points and relationships have been explained, they can be presented in a graphical model which was the original idea of the author on how esports could be affected by tourism and emerging technologies.

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<sup>7</sup> Cranmer, E. E., Han, D.D., van Gisbergen, M., Jungt, T. (2020). Esports Matrix: Structuring the esports Research Agenda. *Computers in Human Behavior*, 106671, pages 16 and 17

<sup>8</sup> Jajić, I., Spremić, M., Miloloža, I (2022): Behavioural Intention Determinants of Augmented Reality Technology Adoption in Supermarkets/Hypermarkets, *International Journal of E-Services & Mobile Applications*, Volume 14, Issue 1, 14 (2022), 1; 1-22; page 3

Figure 1: Concept of gaming, tourism & tech in creating esports event experience



Source: author's own explanation

This concept isn't the typical esports concept that includes shareholders such as brands and investors, broadcasting platforms and media, along with video game publishers. Therefore, it is essential to mention they still are a part of the esports ecosystem, but aren't involved as they don't fit the gaming, tourism, and tech categories, but belong to their own. This concept is focused on how all three fields contribute to main aspects of Esports Event Experience which are: Consumers, Experience (itself), Organizers, Tournament, Sponsors, Innovation, Infrastructure and Performance.

Even though the consumers could be visitors with different motivations for participating in an esports event, it is likely that most of the audience will be gaming enthusiasts who watch the competition because they either love the game that is being played or cheer for their team.

On the other hand, some of the visitors might be tourists who intentionally (or not) decided to join the event regardless of their gaming knowledge, but because they wanted to experience the event in a certain destination. In the end this event might contribute to the overall tourist impression. Also, the final group that is targeted as a great part of the total audience are the tech lovers. When it comes to people who are knowledgeable in the field it is likely they will want to partake in anything 'tech savvy', especially if the event has additional corners connected to different tech fields or emerging technologies.

As the consumers can be separated into three categories, their experience can too be divided into the dimensions - gaming competition, tourist event and emerging tech corners, which depend on which aspect they are focused on the most; while for some the gameplay could be the peak of everything, others might be impressed with the food & drinks options or the esports interior, it depends on the personal preference of an individual. For each dimension of the experience there should be an accountable person that plans its execution and quality, which is why general manager is needed, a person who is focused on esports part, event manager who takes care about extra services of the event, along with IT support which takes care that entire tech infrastructure (which is needed for both the tournaments and for tech corners) is functional.

The most important focus for the organizers is undeniably the tournament alone, where the game administration also needs to be working and operational, the event side of the LAN is well organized, and that all tech equipment runs as it should. Additionally, this kind of event is of nature where the costs and the tournament prize are substantial, so some of it usually gets covered by several sponsors who see benefit in participation or work in related tech field, so they support these kinds of events to foster their business culture, network and mingle with their coworkers and other companies. Some of 'natural' sponsors for this kind of event would be gaming and tech companies, but some hospitality providers could also do their drinks and food or accommodation promotion. This kind of event is an innovation in all fields; as tech can provide a good infrastructure and business support for the gamers and gamers can enjoy the best gaming experience, so it is a mutual benefit for both, and from tourism point of view, it is a completely new kind of event.

A similar category to the tournament is the performance, which includes everything else that is a part of the event program and not only the competition itself. The so-called non-digital assets to the event could be a band or DJ gig, a lounge, or a game room for fans. Other than that, it implies that performance is made by players/ influencers and the event personnel (which aids the organizers); while players are the main actors for the event atmosphere, equipment providers must make sure everything works perfectly, along with event personnel who assure that the visitors' wishes and needs are fulfilled.

All in all, every aspect of the Esports Event Experience counts as it is a complex kind of event and needs experts in every mentioned field to be successful. Due to that, if all the aspects work perfectly, this event could create an amazing impression which could drive the customers (visitors) to return and attract new ones via recommendations, social media, and brand visibility (for example by selling merchandise). Over time, some new sponsors could get to know the event's impact and want to participate, along with gamers, influencers and other important individuals which might create a positive trend for this kind of event. Therefore, in the following chapters, each field of interest including esports/tech and tourism will be more closely expanded and elaborated.

## 2.1 Esports in Gaming and Entertainment Industry

Video games are described as a type of interactive media in which the users (players) take a part in activity using electronic visual displays and sometimes even with other fellow players, which is happening according to meaningful fictional context - creating an emotional attachment between a player and the outcomes of their actions. They appeared back in 1952 as a result of no computer and electronic technology limitations (that existed beforehand) and soon became a favored commercial entertainment medium in the 1970s in America, Europe and Japan and their progress continued because the computer development became closely synchronized with video games. <sup>9</sup>

With the progress made both in areas of science and technologies, video games evolved as well, and with time they're not only commercial, but also economical value has been recognized as the game industry became a key growth indicator for numerous countries. Even though the US and South Korea were pioneers in the game market growth, the number of players has rapidly increased in some new markets, such as the Middle East and Africa. Today, the prosperity of the digital economy is creating an opportunity for an even bigger boost in the game industry development. <sup>10</sup>

At the beginning of the new millennium, the esports industry finally became official since it continuously received attention from the 1980s when there was a rise of competitive video game events. A fundamental factor of esports forming was, initially, the gamer culture creation, as the main consumers of video games started to gather as a consequence of the beginning of the computer age, and so, a demand for new forms of entertainment began. It could be said that esports is an outcome of the mentioned cultural action since its similarity with sports and media, which can be either physical or non-physical. In other words, the uniqueness of esports comes from the synthesis of live events with the stimulated computerization. <sup>11</sup>

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<sup>9</sup> Bai D. et al. (2022). Esports Industry, Video Game Industry and Economic Growth: An Empirical Research in China, page 2

<sup>10</sup> Ibidem

<sup>11</sup> De-Santis, A., Morante, L. F. M. (2022). E-sports in the Entertainment Industry: Overview. Esports and the Media, page 5



With the goal of stimulating the use of video game tournaments and events as matching competition to other sorts of events, changing the way of consumption of product and experience is the main role of the gamer culture audience along with the video game competition commercialization. Also, the attraction of winners' achievements and the general recognition of the competition are contributing to pointing out another important sports attribute - the increase of motivation in players and spectators. The nineties have, hence, been a perfect opportunity for the amplification of esports as the internet was just at its start of moving the gaming context to the digital world we know today. The American industry was the first one to show a real boom after the launch of Wired magazine and StarCraft being featured in the first world championship. <sup>12</sup>

On the other hand, the same StarCraft was most popular game in South Korea, a country that is currently being regarded as the homeland of the present-day esports, since their professional players are viewed as influencers, and they have an institutionalized association where everything is regulated (fundamentally certification and organization of the competitions). StarCraft's success was just a beginning and a reference game for the most admired esports titles today, such as League of Legends (LOL), Defender of the Ancients (DOTA2) and the latest, Fortnite. <sup>13</sup>

Among these, LOL is known as the leader of industry, since it surpassed StarCraft in two years after its initial release in 2009 by Riot Games, in the first tournament. Such popularity among players occurred as it is a multiplayer online battle arena (MOBA) genre, which is a subgenre of real time strategy game (a component emerged from StarCraft). The LOL world championship recorded 174.82 million hours of viewing by the multi-platform audience, while on the other hand, DOTA2 had the second most viewed event with more than 67 million views. Within this frame of reference, among the 10 most watched esports competitions in 2021, six events are LOL competitions and three of them are mobile versions of the game. On this list, the lead games are predominantly MOBA type (eight of them), while only two remaining belong to the shooter genre. In the long run, LOL and DOTA are the main profiteers of the industry as they draw the most attention from the audience and seize the biggest value regarding the sponsorships. <sup>14</sup>

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<sup>12</sup> Ibidem, page 6

<sup>13</sup> Ibidem, pages 6 and 7

<sup>14</sup> Ibidem

In general, it is presumed that technology's penetration in ordinary lives, internet, accessibility of video competition streams, broadcast costs and investments of entrepreneurs are the main factors that caused the overall success of esports, but the major factor remains the passion (or healthy obsession) of the players, tournament organizers, game developers and especially the fans. Due to their limitations and endeavors, esports became an imperfect phenomenon. Nobody who's joined esports wanted to earn, but after a while that was possible too, so the players started to turn their passion into profits. Although, some weren't so lucky, which fills the industry with numerous teams, players and organizations that no longer exist and have leftover unpaid salaries and non-functioning websites. Without the existence of proper universal regulation, fraud, unpaid money, and similar scandals occur occasionally. <sup>15</sup>

Despite that, what makes it so appealing is that, unlike other forms of art (such as movie, TV, music), it has the perk of being interactive and struggling in mastering the opponent (a real one, or a computer) and, therefore, it allows players to differentiate according to skill and have their personal experience in means of traditional art or a sports aspect of competitive gaming, as it transports the player into a new virtual place with imaginative sounds and places. What is remarkably recognized in esports is that professional gamers and the games they play bring strong emotions to the audience, which then votes with both their time and money. The pro gamers in esports perform their mastery in movement, coordination, and team harmony, or, for instance, gun accuracy and positioning in a shooting game. <sup>16</sup>

Other types of games also require a certain amount of knowledge of the game system, strategy, and maximum efficiency, all while it is expected from a gamer to adapt to the level of difficulty which usually shifts to higher complexity.

In order for one to continuously strive for improvement, games can often create software updates to balance several gameplay mechanics and stat changes, new characters, and content to challenge the players adaptability and flexibility skills repeatedly; and they do it so that strategy can't be the same. Game developers often face the issue of balancing the game evolution in a way they don't decrease or damage the skill and experience that distinguish casual from pro players. <sup>17</sup>

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<sup>15</sup> Li R. (2016.) Good luck have fun: The rise of eSports, Skyhorse, 268, page 2

<sup>16</sup> Ibidem, page 2

<sup>17</sup> Ibidem, page 3

The following will show the main stakeholders of esports ecosystems for European area, brands who greatly contribute and help it develop. Some of the publishers made games that shaped the current esports industry as it is known today but also gave rise to esports events and tournaments. The platform is a channel for all digital streaming and broadcasts to the audience while sponsors do brand advertising to the targeted viewers, esports enthusiasts. This will remain as a base for further chapters as the following figure shows the main names of the industry according to the mentioned categories.

Figure 2: Europe Esports Ecosystem: Key stakeholders



Source: <https://academyonline.uefa.com/fame/Repository/KissDocument/16005001/3/2/1/8/16005001.pdf> , visited on 14.04.23.

### 2.1.1 Esports team formation and coordination

Considering that the main aspect of esports is competitive play with a possible additional spectatorship of online games, it involves a team of players who need to join their forces in effective teamwork, accurate in-game movements and processing a large volume of information to reach their prime game level.

In the literature, there are two directions in which teams act in general: action-oriented teams (such as military teams, trauma teams or firefighters) that perform in a vastly self-reliant manner and have time dependent tasks that are often in high-risk environments, and decision/knowledge-oriented teams (like business teams or software development) who perform in a slightly 'calmer' workplace. An esports team could therefore be recognized as both, having tasks that are often a part of the traditional work setting, but on the contrary, there are also action-oriented activities where the esports team must focus in stressful, competitive virtual surroundings where sound judgment and response rates are crucial. That's why in the context of esports there is a lot to discuss on exploration of organizational processes in terms of both team formation and coordination.<sup>18</sup>

Computer Supported Cooperative Work (CSCW) conducted a study on 26 players to find out more about their teams among the other player experiences that were examined. Their findings are categorized and explained as following:

*a) Identification of teammates and selection criteria*

1) Optimizing Offline Networks to Identify Teammates - one of the most popular methods for amateur players to find teammates, they preferred to play with their actual offline friends while professionals (pros) mainly used the network to reach other expert players, who were indubitably strangers.

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<sup>18</sup> Freeman, G., & Wohn, D. Y. (2017). Understanding eSports Team Formation and Coordination. *Computer Supported Cooperative Work (CSCW)*, 27(3-6), 1030-1039, page 1021

2) Leveraging System Matchmaking Features to Identify Teammates - both amateur and professional players wanted to play with online strangers, amateurs tended to play with people who were geographically distributed, while it was important for pros to play in person if practice was needed.

3) Crowdsourcing social media and Online Forums to Identify Teammates - most amateur players were open to the idea of using social media to seek physically distant team members, professional players' attitudes were somewhat split. <sup>19</sup>

4) Using Formal Recruiting Methods to Identify Teammates - skill seemed to be the main concern in the formal recruiting process, but personality and compatibility were not ignored either; for amateurs these methods were too intensive, serious, and exhausting.

5) Gaming Skills: Fundamental for Forming a Team - half of study participants, both amateur and pro players views gaming skills as essential for team formation, although their definitions of what could be counted as 'high skills' varies.

6) Attitude and Personality: Bonding the Team as a Unity - networking personalities and gameplay styles were critical for team sustainability and it was especially true for amateur players (for some it even outweighed gaming skills), with pros 'team productivity/win' was a priority.

7) Willingness to Communicate: Breaking Geographical and Language Barriers - in professional teams, chemistry was often attributed to similar philosophical and tactical approaches during gameplay synergy, while for amateur players, such chemistry led to deeper relationships outside the game as well, but for both groups, chemistry showed if someone was a good fit for the team. <sup>20</sup>

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<sup>19</sup> Ibidem, page 1028

<sup>20</sup> Ibidem, pages 1028-1032

*b) Developing Capacity to Coordinate*

- 1) A Natural Switch between in-Game and out-of-Game Multimodal Interaction - this communication feature seemed to be more notable among amateur players than pro players, as pros tended to focus on game related, communication both during gaming sessions and out of game, or they would complete such communication before moving to social conversations.
  
- 2) A Seamless Mix of Multiple Communication Platforms - a result of mixed communication was lot of times closer offline relationships amid teammates, as being amateur or pro wasn't a decisive detail.
  
- 3) Offline Social Activities: Reinforcing Coordination by Hanging out Together - most participants in this study, both amateur and professional players, confirmed that the conducting offline social activities with teammates often amplified their team coordination in a positive manner. <sup>21</sup>

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<sup>21</sup> Ibidem, pages 1033-1034

## 2.2 Main Trends in Tourism and Event Management

Tourism has been heavily influenced by the digital business model which is exactly why there are high expectations on transforming tourism in the upcoming years, as main pillars will be new technologies where value is created using ICT (Information and communication technology).<sup>22</sup> ICT's influence on tourism has been huge, as many new opportunities and threats have reshaped its business ecosystem. Although the main segment of accommodation services had the most intense changes, key companies for digital business models in this field are Airbnb, Booking.com and TripAdvisor. With each of these having their own business model with another value offering, another thing that is common with each is that they all want to expand their services, as Airbnb especially lists its own unique experience with the standard accommodation proposals.<sup>23</sup>

Some other giants such as Amazon also include these kinds of expansion strategies in their platforms, so the only important factor for expansion is to find the right position on the market. The study of the business models only included accommodation giants, and no other niche segments of tourism and hospitality, so the two cannot be compared, but the technological changes will continue to impact tourism even more, as there might be even some new disruptions, such as Virtual Reality (VR) and Augmented Reality (AR).<sup>24</sup> Genuinely, the tourism industry is having a substantial share in the global economy, as it contributes directly to balancing the regions in countryside with the industrialized cities, accordingly, there is much competition among countries and cities and consequently, many types of tourism made its start to keep up with others. For the sake of generating revenue, all kinds of resources - historical, natural, cultural and others have been crucial for tourism development and creation of new tourist attraction sites. The option that esports as a stakeholder in tourism is ability to perform without a need of significant investing in infrastructure and could be an answer for destinations that are in favor of alternative tourism, rather than traditional or mass tourism.

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<sup>22</sup> Zentner, H., Spremić, M., Zentner, R. (2021): "Measuring maturity of digital business models for SMEs", IEEE TEMSCON Technology & Engineering Management Conference – Europe, 2021., page 31

<sup>23</sup> Zentner H., Spremić M. (2021.): Typology of Digital Business Models in Tourism, International Journal of E-Services and Mobile Applications, Volume 13, Issue , pages 1 and 2

<sup>24</sup> Ibidem, pages 17 and 18

Tourists are eager for activities, and to build a healthy social system, they want to recover physically and mentally and at the same time maintain and boost their social ties and it could be claimed that esports activities are the perfect fit for that.<sup>25</sup>

The nature of today's tourism trends is changing due to unstable times, so what is required are innovative approaches, unconventional solutions and generating new levels of service which necessarily includes, firstly, providing a safe environment and secondly, making sure that the services are wide, are of finest quality, but at an acceptable price. The appearance of new global tourism trends suggests they should better meet the needs of customers for the services along with the existing types of tourism. The main reason for the formation of these trends is because of high demands after the pandemic and prolonged quarantine measures.<sup>26</sup>

Because of many job losses, lack of budgets and similar limitations caused the rise of new areas such as 'bleasure' (being a combination of business travel and leisure). Some other similar popular upcoming trends are 'WFHotel' (working from hotel) which mostly relates to remote work and blending work and rest. A similar combination is 'workation' being a short term for a mixture of work, leisure and studying. Another popular tourism approach is solo tourism, along with mini trips which are less costly since a lot of people find themselves in a situation of generating less income and even 53% of people prefer affordable short-term travel. Digital technology is also an important factor when it comes to new trends, as they provide the option of virtual experiences which give an advantage of not having to leave home and pay for any travel expenses. Because of the mentioned emergence of new types of tourism, it is important to know them well and plan and forecast investments according to the future demands.<sup>27</sup>

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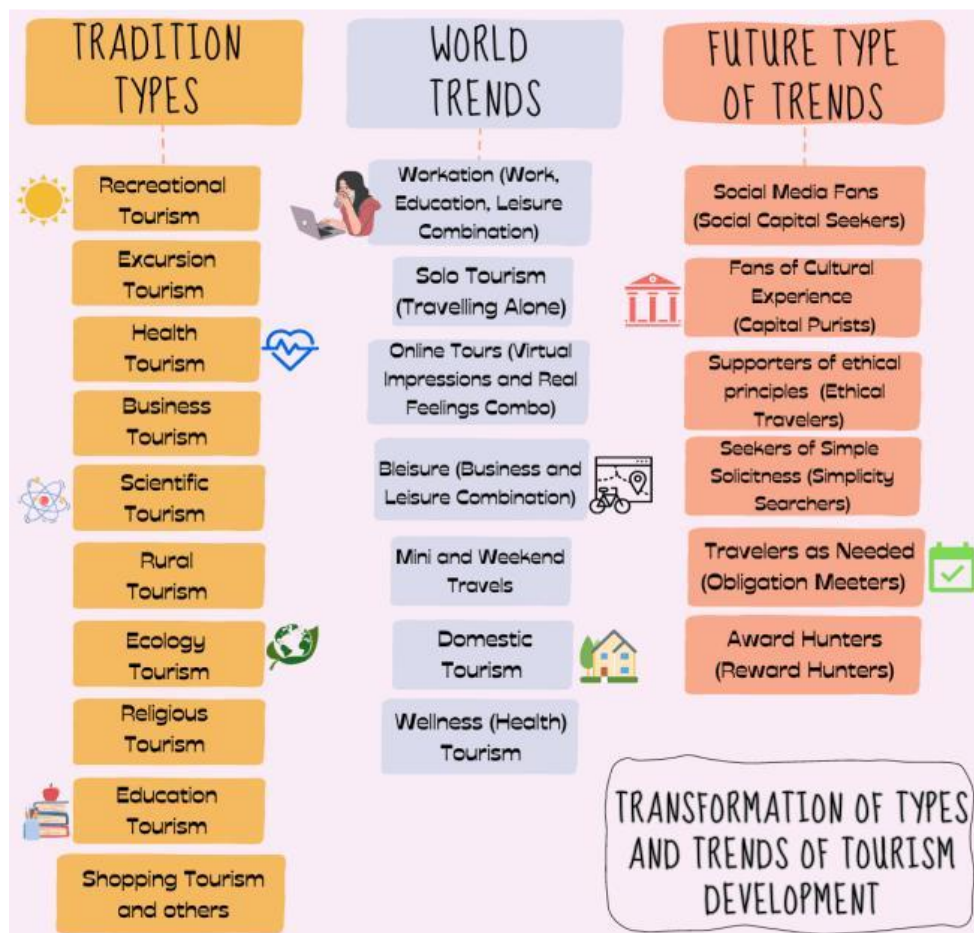
<sup>25</sup> Masłowski, P., Karasiewicz, T. (2021.) Esports as a new trend in the tourism industry. *Geography and Tourism*, 1(9), 95–105, page 97

<sup>26</sup> Charkina T. et al. (2022.) Improvement of tourism industry management due to introduction of new trends and types of tourism, *Philosophy, economics and law review*, volume 2, no. 1, pages 112 and 113

<sup>27</sup> *Ibidem*, page 113



Figure 3: Transformation of types and trends of tourism development



Source: Charkina T. et al. (2022.) Improvement of tourism industry management due to introduction of new trends and types of tourism, Philosophy, economics and law review, volume 2, no. 1, page 115

Esports events could be combined with many new tourism trends and offer several perks to people wanting to connect casually or in business sense but could also contribute to boosting local and domestic tourism, virtual tourism and providing innovative ideas and solutions to event visitors. The event participants who are fans of gaming culture oftentimes like several digital innovations and learning about new tech approaches.

Esports tourism could easily refer to the future trend of Travelers as Needed because gamers will want to visit an esports event in a limited time and budget and will use tech algorithms while traveling to lose any unnecessary cluster that might occur. <sup>28</sup>

<sup>28</sup> Charkina T. et al. (2022.) Improvement of tourism industry management due to introduction of new trends and types of tourism, Philosophy, economics and law review, volume 2, no. 1, pages 112 and 113

When it comes to organizing such an event successfully, it must be advanced in a digital sense, and have appealing sponsors. It is crucial that it is carefully conceived since it is very complex in a logistical sense. Oftentimes organizers must think about esports tournament personnel and sponsors on the one hand and about esports teams on the other hand, and figure out their accommodation, travel schedule and other major hospitality requirements. Tourism and hospitality hosts also have the task of providing venue booking and logistical steps and deadlines for a top-tier esports experience. What they also ensure along with room arrangements are airline and restaurant reservations is a destination marketing plan which helps in supporting local esports events by boosting the circular economy growth.<sup>29</sup>

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<sup>29</sup> De Freitas, R. (2021). Gen Z and Esports: Digitizing the Live Event Brand. In: Wörndl, W., Koo, C., Stienmetz, J.L. (eds) (2021). Information and Communication Technologies in Tourism Springer, Cham., page 1

## 2.3 Rise of Emerging Technologies in Esports

Digital technologies (DTs) are a unique subset and a part of everyday life, as they are widespread in peoples' business and personal life, and as time is passing, they become more and more accessible and on budget for many. They are also disrupting business models and changing daily work, communication, learning and life in general. Businesses that rely on these technologies have integrated not just one, but simultaneously use a number of DTs and are competing with similar companies in the digital economy environment.<sup>30</sup>

With the assumption of digital technologies having differentiating features, with all their perks they also have some drawbacks such as uncertainty, fluidity, and dramatic price/performance advancements. Most emerging technologies (along with the whole 4.0 revolution) that are predicted to come, aren't as familiar to the public, but the possibilities and continuous growth will make them well-known as soon as they become mainstream.

Some of them are additive manufacturing (3D printing), robotics, drones, wearable technology, holograms, VR and AR, cognitive technologies (AI-Artificial Intelligence), deep learning algorithms, recognition of facial movement and speech and others that remain unknown or not invented yet. With these technologies there is an opportunity to embrace digital transformation and create effective digital culture.<sup>31</sup>

For many, most appealing in esports is the idea of it being very tech driven and digital, genuinely global, and exceptionally worthy and energetic, as it is an industry that has literally been built due to computerization and the internet. Tech associations in the industry are mostly concepts of LAN party, streaming of the event and even the market for gaming chairs or headphones which is a great indicator of the industry's ability to recognize change. In fact, esports stakeholders were among the earliest utilizers of digital and global characteristics in the 2000s period, as the industry and the stakeholders were born global, digital, and agile. In the industry it is frequent for organizations to recruit globally and be connected in a digital way.

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<sup>30</sup> Spremić, M. (2017): Governing Digital Technology – how Mature IT Governance can help in Digital Transformation. *International Journal of Economics and Management Systems*, 2, 214-223., page 217

<sup>31</sup> Spremić M. (2018): Enterprise Information Systems in Digital Economy, *Ekonomski Fakultet - Zagreb*, pages 13,14 and 17

That is the core of the esports phenomenon: ‘virtual’ has been a part of esports for decades which also indicates that there are no borders and barriers and even individuals who speak other languages can easily find a common one. Another typical characteristic for the esports industry is that it exists in a fast-paced and fluctuating market.

What comes as very thrilling in esports is that it is one of the first industries to have a reverse case in terms of wanting to become more local and reach a regional audience, rather than being focused entirely on internationalizing and digitizing like other industries that are of opposite nature; so, it’s key focus is on organizing local tournaments around the world. Ultimately, esports makes an effort in balancing both digital and non-digital, local and global, being stable and agile synchronously, but is a pioneer when it comes to being digital as it has already overcome these modern challenges of agility and globalization, so it definitely has a competitive advantage when it comes to comparing it with other industries.<sup>32</sup>

For that reason it could be said that it is one of the top models in terms of digital entrepreneurship since the focus of it is on the parallel function of digital technologies and entrepreneurial means and the aspect of their impact on one another. The digital nature of esports is also contributing to enhancing sustainability through ‘digital vitality’ (permanent renovation and rejuvenation from new digital inventions). Esports market has been greatly influenced by factors such as technological innovation and game creativity which made new activations happen and overcome the negative trends and advance digital vitality. Additionally, these factors reflect the esports market in the matter of digital vitality when development difficulties occur. Technological innovation also introduced novelties in the esports market, namely, advanced digital media applications. It has, among its rapid development, created growing new possibilities for entrepreneurs wanting to find their businesses in esports because even though there were shakeouts at maturity stage, esports markets stayed digitally vital. The element of game creativity remains important in a sense of holding on to players and viewers by new games and gameplays which is crucial in the esports industry maintaining its power and digital ascendance. Finally, almost every phase of esports’ development is linked to the arrival of a new video game type and/or IT innovation.<sup>33</sup>

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<sup>32</sup> Scholz, T. M. (2019). *eSports is Business. Management in the World of Competitive Gaming* 1st ed., Palgrave Pivot, London, England, pages 112 and 113

<sup>33</sup> Ke, X., Wagner, C., Du, H. S. (2022). Calling for Information Systems Research on Esports: An Overview Study. *Communications of the Association for Information Systems*, 50, pages 5 and 6

### 2.3.1 Esports trends in emerging technology

As the popularity of esports rises mostly among young adults and teen populations, there have been some upgrades in a technological context. When observing the times in the past, there was only a possibility to play multiplayer games using special hardware which additionally had to have cooling systems to properly function. But the innovations of today include progress in mobile gaming which was a big growth factor in esports enthusiast numbers.<sup>34</sup>

Modernization in the context of esports are the following:

- 1) Graphics & Spectatorship - graphics progression to a new extent, as there are high-resolution textures and modules that contain complicated animation (is very lifelike, there could be mistakes in recognition between digital game and real life), enhanced graphics also helps in understanding games' rules and in following gameplay which is a major for spectators; but better graphics go in favor of both viewers and players.
- 2) Faster internet connection - user satisfaction improvement with 5G network, enabling new standards of internet and mobile esports, more viewership of the audience along with potential esports pros.
- 3) Augmented & Virtual reality - massive transformation of the esports sector with top-notch advancements in the field of game intrigue and immersion, especially in competitive gaming; VR for the esports scene is just beginning, while AR could merge the real and virtual worlds for a more immersive experience; VR and AR could become just as common as other gaming platforms.
- 4) Games contribution to AI - artificial intelligence has become an important technology in the esports industry as Dota 2 had pro teams play against a computer-controlled opponent called OpenAI; there is also FalconAI with AI-powered solutions helping in performance boosting; but also, machine learning is used by esports teams (Team Liquid) to plan practice and goals in a better way.

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<sup>34</sup> <https://marketbusinessnews.com/the-biggest-trends-in-esports-in-2023/324929/>, visited on 24.04.23.

- 5) Easier payment, more talents - purchasing online has been made easier by app stores and secure payment possibilities and blockchain technology takes the security to a higher level with crypto wallets not being able to get hacked, its history altered in information which can involve even more players and a bigger audience for esports.<sup>35</sup>
- 6) Women and esports - bigger percentage of women in multiplayer, rapid increase in Asian market, but also some tournaments feature female players (team BIG Chroma); the result is the rise of women-centric games.
- 7) Esports and metaverse - a possibility of virtual space that uses a combo of AR and social media, cryptocurrencies, and online gaming, that would include owning virtual assets through one's avatar and managing it through that network with an existing opportunity of having esports section, cryptocurrency prices and entry price for viewership.
- 8) Wearable gaming accessories - using advanced gaming technology wearables - electronic gadgets with smart sensors which enables body tracking and performance, playtime, and fatigue analysis (and recommendations according to given values); headset visor could also play a role in VR.
- 9) Cloud-based gaming - could be a solution to reduce the bills of the usage and currently has a trend of growing players who switch to it and there is a demand for cloud gaming providers; advantageous gaming environment for multiplayer games against real or virtual players; needs 5G connection for lag prevention.
- 10) Free independent games - as most esports games are made by corporations they are not free to play and oftentimes require a fee for joining tournaments. There's also a barrier of proprietary software which is a barrier for players as well. There is an attempt by young programmers to make free and open-source games which may enable more esports tournaments and may be compatible with the upcoming Metaverse and cryptocurrencies.

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<sup>35</sup> <https://win.gg/news/how-advanced-technology-drives-the-esports-industry-forward/>, visited on 24.04.23.

- 11) High-profile esports endorsements - there have been cases where esports networks seek useful partnerships and it has shown an increase of the game's user base and rise of overall popularity.
- 12) Esports betting - even though betting is mostly focused on real-life sporting activities many have started to incorporate esports in their markets; mostly, betting that is available right now offers markets for CSGO, Dota 2 and League of Legends including live betting and pre-game.
- 13) Mobile gaming - in accordance with technological advancements a significant percentage of tablet and smartphone users are involved in esports; the number might increase even more throughout the year due to public awareness and good internet connectivity.<sup>36</sup>

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<sup>36</sup> <https://marketbusinessnews.com/the-biggest-trends-in-esports-in-2023/324929/>, visited on 24.04.23.

### 3. Characteristics of Esports Tourism

There is already a well-known combination of sports marketing and tourism marketing which generally has a big role in specific forms of tourism and creates what's known as sports tourism. It can easily be defined as some people choose to travel because of live sport events, so sports organizations end up taking part in a "travel" result. Moreover, when it comes to esports tourism is described as fulfilling electronic sports activities in a form of tournaments in a selected country and destination, where players, viewers, organizations and other participants take part in these tournaments and along with spectating the gameplay they enjoy several touristic activities such as entertainment (and other ancillary services), accommodation, eating and drinking.

Esports tourism is a very fresh type of tourism since not many studies were conducted on the topic, it oftentimes isn't solely recognized or is categorized as a part of sports tourism. One study that researched behavior on the travel intentions of participants in esports activities thought of those activities as alternative tourism products which have a huge potential due to the growth of the esports market and since, in general, it is regarded as a popular recreational activity.<sup>37</sup>

Frequently, esports events attract with their after-game entertainment programs and musical shows, but also give an opportunity to esports fans to meet their favorite players and watch their live performances (and travel a long way to do so). Esports events have a goal of giving their visitors, who are mostly young generations (gen Z) and gather at that particular destination, a special and memorable experience. Some cities could get a big shout out in attracting tourists as they could be known as host cities for tournaments, so by having such an event a promotion and image boost is made not only for the specific city but for the branding of the whole region/country.<sup>38</sup>

Esports is viewed as a niche tourism type, but is also closely watched by the sporting, event, and entertainment industries, since the relationship between the sports and tourism industry has become major in the previous years.

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<sup>37</sup> Çetin A., Coşkuner M. (2021). A Conceptual Overview of E-Sports Tourism as a New Trend in the Tourism Industry, *Journal of Management and Economic Studies*, Vol. 3, No. 1, page 31

<sup>38</sup> *Ibidem*, pages 31 and 32



Sports tourism is theoretically separated into - active sports tourism where sports such as golf, tennis, and other similar ones are listed; event sports tournaments which involve Olympic games, world soccer championships and nostalgia sports tourism which covers stadiums, museums, and similar institutions.<sup>39</sup>

It could be said that esports misses the classical participation in physical activities which is an essence of sports in general, but some experts claim it can still be rated as a sports tourism type because of the size of audience it gathers (some of the biggest in the world). Esports viewer growth trend had a beneficial and interesting influence on the entertainment and tourism industry, but there has also been a positive correlation between esports viewers and video games sales.<sup>40</sup>

Although it is relatively new, prosperous governments have recognized esports' capability to stimulate the economy through both tourism and trade by establishing several purpose-built arenas that are made specifically for esports tournaments. These events also have the ability to offer chances for employment in fields of live streaming, commentating, IT services, management of sports and events, merchandising, hospitality, media and public relations.<sup>41</sup>

However, the question that is exceedingly important is if the demand for live events really exists since there are online streams of the same gameplays and all the audience can view it digitally from the comfort of their homes. Research was made on the preferred surroundings, to show whether online or offline consumption forms of tournaments are more favored by the audience (examinees were the participants of the EU LCS Event in Berlin in early 2018). Overall, we were able to identify differences as well as similarities between both forms of consumption. The distinction was visible mostly in the motivation to consume - committed spectators and game lovers who were eager to play the game themselves were more approving of the stream as that enabled the game view close-up.<sup>42</sup>

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<sup>39</sup> Dilek E. (2019). E-Sport Events within Tourism Paradigm: A Conceptual Discussion, *International Journal of Contemporary Tourism Research*, 12 – 22; eSports as a commercial activity. *Problems and Perspectives in Management*, 16(1), 207–213; page 17

<sup>40</sup> Ibidem

<sup>41</sup> Murray, S., Birt, J., Blakemore, S. (2020.) eSports diplomacy: towards a sustainable “gold rush.” *Sport in Society*, 1–19, page 11

<sup>42</sup> Neus F. (2020). *Event marketing in the context of higher education marketing and digital environments*, Springer Gabler Wiesbaden, Germany, pages 79

Nevertheless, events provide the additional aspect of emotion and social interaction which is a great opportunity for connecting with fellow fans. As both options - online and offline have their advantages and perks, it's not a good idea to compare them, as one cannot replace the other because of their contrariety.

Both groups of people are motivated in another way. Even though both groups acknowledged their aim to watch the following event in online form, ones that prefer the offsite option would choose that option of visiting that kind of event again as well. In the long run, the main option is always going to be a digital environment as it's the most practical, but the live event provides the unique atmosphere which attracts fans to participate and certainly to come the next time too.<sup>43</sup>

If we take an approach of an esports event experience being conducted by organizations for tourism promotion and not an event made solely by video game owners or classical event organizers, but with a goal of attracting visitors, the experience gets a whole other dimension. In recent years the main way how esports tournaments gained visibility was by having them in tremendously suitable venues - such as, for example Madison Square Garden in New York, USA where League of Legends World Championship semifinals were held, and along with mass media coverage, the worldwide visibility of such an event was on peak level.

This was the motive to focus on developing some private initiatives and open venues like Esports Arena in Orange County which has all the required facilities for a successful esports product - stage, seats for spectators and hospitality services. Europe too is working on its development of the esports field, as tournaments and competitions are closely linked to certain destinations and the most famous is the city of Katowice in Poland which is famous for esports throughout the globe and draws thousands of fans to attend its major event - Intel Extreme Master's Katowice. A similar situation also applies to cities such as Jönköping in Sweden or Valencia in Spain.

Another region where esports is tremendously successful is the Asian continent where esports fans globally recognize their tournaments. South Korea stands out as their Ministry of Culture, Sports and Tourism encourages these activities.

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<sup>43</sup> Ibidem, pages 96 and 97

Some countries are already working on integrating esports in the education system and that might be a way for it to become a part of a country or national identity. <sup>44</sup> From what has been stated, it could be concluded that esports could be combined with fields of media, tourism, and similar entertainment.

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<sup>44</sup> Crawford C.M. (2021). Handbook of Research on Pathways and Opportunities Into the Business of Esports, IGI Global; 1st edition, pages 354

### 3.1 Gamification of Tourism

So far, esports could be characterized as something that is similar to traditional sport spectatorship in a sense that it offers a form of escapism and game drama, which results in filling one's inherent needs. Other reasons for the individuals' factors for participation in events other than pure amusement is also the mesmerizing experience of in-game atmosphere as well as the fantasy that is brought to audiences. The overall event provides venue space, computer hardware, digital content, and media services, while the participants are players, coaches, referees and fans. The surroundings are equipped with the following technology: theatrical lights and sounds, several broadcast studios, large - sized LED stage screens, which altogether merges into a stimulating and captivating environment.<sup>45</sup>

From the tourism and hospitality industry perspective, gamification provides both the event and meetings sector to perform hybrid events at a new level, so it could be said that esports brings the form of gamification into this sector. However, it is well known that a knowledge gap exists among event organizers as they might not know the execution of this kind of event and the embodiment of gaming into tourism and hospitality business models.<sup>46</sup>

Gamification as a term often takes place in gaming applications or on the other hand, esports competition as peer acknowledgement along with the usage of leaderboards in placement. There is an option of educational settings in games so that the player can take the role of a learner and have a period of learning. In that case, the in-game reward is unrelated to the game content and is only used as encouragement and not for boosting that game's content. In a similar way, within esports, a physical monetary reward is used as encouragement and not for any sort of game boosting.<sup>47</sup>

Nevertheless, the reason for having big rewards in esports is because in order to be skillful, it takes cognitive, along with physical abilities to master complex problem solving for multiplayer. Another case of gamification could be something that is equivalent to an interface that mimics the look and the feel of the game.

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<sup>45</sup> Ibidem, pages 13,14

<sup>46</sup> De Freitas, R. (2021). Gen Z and Esports: Digitizing the Live Event Brand, page 188

<sup>47</sup> Crawford C.M. (2021). Handbook of Research on Pathways and Opportunities Into the Business of Esports, pages 130

A board game style navigation and has an interface that tracks and shows the progress of a learner as he moves on the board and performs the given tasks along with review of the given content (which is a mentioned, gamification). Even though some thought of games in general as a moral threat for democratic society and a source of new inequity, their transcending nature made life more convenient and proved it is not so. from an utopian point of view, games could be used for entertainment that is both profitable and interactive for the user, as interest for gamification grows for numerous industries. <sup>48</sup>

Therefore, gamification could be a great way to attract people to travel and to participate in esports events, as a step of further connecting gaming and esports with tourism and hospitality as esports to is gaining popularity. Other perks of gamification in other industries could be engaging the users to do something they intentionally wouldn't, that is, for tourists to experience a venue or particular site and remembering it as a fun and educational experience, other than just a nice view or location. Also, if satisfaction with the experience runs high, a happy visitor is always glad to return, be loyal and recommend to close ones, which is possible with gamification because it offers extra content and interaction which might be a catch for all generations - from children to adult gaming enthusiasts. Sometimes, it can also be used for marketing as it can boost user engagement and also contributes to customer loyalty. <sup>49</sup>

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<sup>48</sup> Ibidem, page 307

<sup>49</sup> <https://skywell.software/blog/gamification-in-tourism-benefits-use-cases/>, visited on 15.05.2023.

### 3.2 Esports Tourism vs. Traditional Sports Events

Modern sport is often highlighted as competitive, physical, and institutionalized, and it still isn't clear if esports meets those criteria because of the main distinction: esports is perceived as lacking physical skill, which for some, is a very important requirement for an activity to be considered a sport. On the contrary, esports supporters propose that esports has the very central characteristics of traditional sport. These would be for example interpersonal competition, skill training and development along with consent to rules, realization of the mutual goal, coordination, and agility.<sup>50</sup>

As was mentioned in previous chapters, sports tourism currently grows at a fast pace, where the participants take part in spectating sport activities and other recreational activities. Research was conducted on American tourists visiting Australia for Olympic games (which is a classical sample for events that is considered within the sports tourism context) to prove the significance of this kind of events for the universal promotion of countries hosting them. The research revealed that 88 % of 110 000 international visitors that visited Sydney, Australia because of the Olympic Games, have also revisited the city as tourists.<sup>51</sup>

A different study made on the same topic and researching the same tourists uncovered that these people indeed made plans to spend their future trips to Australia. Studies on similar sport events have shown the same remarkable results - that sportive events initiate the primary tourism revenues, but 75% of attendees, if pleased with the event, will consider taking part in the same event the upcoming year. The same could easily be done with esports, but the results could be even better as esports venues would offer many more additional services and entertainment compared to traditional sport events. There has been an interesting diversion with traditional sports and esports during the outbreak of coronavirus in 2020.<sup>52</sup> Despite the pre-pandemic state of the esports industry in 2019, it was a multi-million-dollar industry undergoing growth in several fields including popularity and size of the audience which resulted in about 398,8 viewers worldwide.

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<sup>50</sup> Pizzo, A.D., Baker, B.J., Na, S., Lee, M.A., Kim, D., Funk, D.C. (2018). eSport vs.Sport: A Comparison of Spectator Motives. *Sport Marketing Quarterly*, 27, 108, page 109

<sup>51</sup> Şahin S., Yenişehirlioğlu E. (2018). A Conceptual Research on Determining the Tourism Potential of Electronic Sports Events: E-Sports Tourism, *Journal of Kesit Academy*, 344

<sup>52</sup> Ibidem

The expectation of growth for the year of 2021 was that it would rise up to 474 million, but that changed due to these unexpected occurrences; the interest grew even more throughout 2020 - 2022 than it was predicted to, resulting in reaching new audiences. Therefore, it could be said that it's no longer just an emerging industry, but a fundamental part of the entertainment and wider sport industry. The COVID-19 situation also caused esports to create virtual sport and other entertainment brought by esports which is why it is often called 'digital mediator' in the time of extraordinary limitations. The result was also broadening the future possibilities of this industry by bringing in a new range of varying stakeholders, individuals and organizations who reshaped the way esports is performed and observed.

Even though there was some resistance with the new stakeholders entering esports environments, COVID-19 has, along with the rest of things, disrupted the resistant cultures and rise of esports became a part of popular and mainstream culture. A major factor for that was the growth of demand for a sport alternative, as stakeholders had different backgrounds including brands, athletes, sport establishments, venture capital organizations and broadcasters. With the pandemic ending and everything getting back to normal, esports will still be recognized as a part of the more traditional practices. The researchers also believe that esports will, through collaboration and innovation, continue to be the digital 'go-to' environment for industries wanting to produce significant and impactful value for their customers.<sup>53</sup>

So, given that esports may completely enter the context of sports as we know it today, skills that may be needed might also be recognized as "e-abilities", which will then create a new value proposition for brands as digital transformation would then be an even more important strategy for innovation of sports brands. On top of that, esports also change the viewing behaviors of the audience when compared with TV channels, as live streaming dedicated to esports seems to be more socialized. It could be said that due to the digital nature of the content brought by esports, there is a wide range of possibilities for innovation in the media technology field, especially the generation of content, and these innovations may re-define the earlier established viewership of traditional sports.

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<sup>53</sup> Frawley S., Schulenkorf N. (2022). Routledge Handbook of Sport and COVID-19, Taylor Francis, NY USA, pages 186-193

Again, when it comes to the investment part, esports made a disruption with the investing preference in traditional sports. The substantial instant value for sponsors is created by esports visualization, which is always available globally. With esports, these sponsors can easily access a demographic that is usually hard to reach; and on the other hand, league teams have both the reliability and sustainability due to the esports' franchised structure, which usually attracts sponsors and advertisers' investments from the traditional sports. <sup>54</sup>

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<sup>54</sup> Ke, X., Wagner, C., Du, H. S. (2022). Calling for Information Systems Research onEsports: An Overview Study. *Communications of the Association for Information Systems*, 50, pages 5 and 6



### 3.3 Organizing and Managing Esports Events

If the organizers of an esports event want to set up the right surroundings for the event venue, they can analyze the esports event product and take the characteristics of the touristic product into account. The exact particularities for an esports event are closely explained in the following table through components and traditional tourism definitions:

Table 1: Particularities of the elements that constitute the touristic product Esports event

Components	Traditional Tourism Definition	Particularities in Competitive Esports Event
<b>Touristic infrastructure</b>	Set of works and services that enable the development of a destination. Tourists use them during their trip as basic services for tourism practice.	<ul style="list-style-type: none"> <li>• Good quality communication system.</li> <li>• Stable internet connection that allows both the development of the games and their transmission.</li> </ul>
<b>Equipment</b>	Characteristics of the establishments that provide accommodation, food, and entertainment services.	<ul style="list-style-type: none"> <li>• Choose the venue for the event.</li> <li>• Knowing the spatial characteristics required for staging.</li> </ul>
<b>Facilities</b>	Furniture and accessories necessary to carry out the practice of purely tourist activities.	<ul style="list-style-type: none"> <li>• Computers or consoles for each participant</li> <li>• Cables to connect the devices via a local area connection</li> <li>• Special headsets and chairs for players</li> <li>• Giant screens for the audience to watch the games.</li> </ul>
<b>Complementary Services</b>	Services that facilitate the normal development of the touristic activities.	<ul style="list-style-type: none"> <li>• Human resources to carry out the event.</li> </ul>
<b>Superstructure</b>	Specialized organizations, in charge of optimizing and facilitating the development of the multiple services that make up the tourism product.	<ul style="list-style-type: none"> <li>• Approval or association with Publishers <ul style="list-style-type: none"> <li>• Event organizers</li> </ul> </li> <li>• Public organizations of the tourist destination where the event takes place.</li> </ul>

Source: Crawford C.M. (2021). Handbook of Research on Pathways and Opportunities Into the Business of Esports, IGI Global; 1st edition, page 352

The final product (esports event) consists of several components of the tourism product which will, according to customer expectations, provide specific benefits. The author of the table used the definition of universal touristic product, then pointed out the elements that are crucial for an esports event product and finally analyzed the space where the event would happen. As is shown in the table, events usually occur with the players being at a main stage that is centered in the room with their desktops, from where the gameplay is broadcast to the audience on enormous displays/TVs/screens.

The viewers also support and participate the same as in other sport scenarios, with shouting and celebrating. The selected venue, therefore, must meet essentials for the spectators and players and prepare the necessary facilities. For that reason, esports events have a similar need for staff as they would for a normal event - ushers, ticket office, hosts, security, supplies, logistics, cleaning, and others. An exception could be made for technical staff, as they are high priority staff since this is the case of a tech-driven event. The hosts are an intermediary between the audience and the referees or the game narrators for more modest events. The game narrator plays a vital role since spectators get key information and game interpretation by the casting crew in esports tournaments.

In the tourist segment regarding an esports event there are two key participants that were already mentioned, spectators whose main initiative for attendance comes from seeing the teams they love and the players who have a role of contestants but are considered tourists as they are also a part of experience for the event visitors. It can also be said that the practice of esports not only implies competitive play of video games, but the experience and enjoyment of watching others play, especially in the case of them being professionals or somewhat knowledgeable. It has also been confirmed that esports competitions are so valuable in a sense of spectatorship, that the relevance of it overcomes playing video games for leisure. <sup>55</sup>

To get a better understanding of personnel needed for organizing an esports event, a study that shows which skills and abilities are needed to pursue a career in esports and run these kinds of events successfully is going to be analyzed. As the industry of esports itself is in its initial phase, there are many indefinites which will change with the growth and development in the future. What can surely be predicted is that technological advancement will be the driver of these changes. The main skills that were acknowledged as most important ones are the following: 1) Business Acumen and Strategic Approach, 2) Human Relations Skills, 3) Relationship Management, 4) Effective Communication, 5) Technology Management, 6) Legal and Ethical Practices, 7) Research and Creative Problem Solving, 8) Global and Cultural Orientation, 9) Leadership and 10) Critical Evaluation and Analytical Skills. <sup>56</sup>

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<sup>55</sup> Crawford C.M. (2021). Handbook of Research on Pathways and Opportunities Into the Business of Esports, pages 351-353

<sup>56</sup> Karadakis K. and Painchaud M.M.: Esport Knowledge, Skills, and Abilities: Perspectives from Subject Matter Experts (2022.), Athens Journal of Sports, Volume 9, Issue 279-100, page 18

Consequently, the study revealed that people that seek a career in this field need to show that they can adapt to both various and unanticipated situations (which can be learned by “learn to sink or swim” or to be exact, in experiencing esports itself) and develop their analytical skills and soft and hard skills in general. That’s why the authors of the study suggest the development of a curriculum that would include several small forms of learning to stream esports content, hosting small esports events at a local arena and moderately growing the size of events over time. Finally, alongside traditional workplace knowledge and specific disciplines, one has to possess lifelong learning skills, passion and desire to obtain the latest knowledge in order for an esports career to be successful and sustainable.<sup>57</sup>

From all this it could be concluded that even though management, organization and especially personnel are of great importance, it is vital for them to recognize the value that the visitors of the event view themselves, to upgrade the overall service. For such a complex event, everything must be performed well and in time, with the destination of the event being touristically attractive and able to provide extra tourist services, but what will mostly be remembered is the atmosphere, connections, and the emotions from the event.

With a satisfied event visitor, several things can be ensured for the future: the individual might return to another similar event or might even choose to visit the event destination to visit typical tourist attractions or both if it will be available. The following is a figure showing tourist expectations and its segments, while the next subchapter will be more closely explaining the markets which brand are new in esports and not as typical (commonly, Asia and North American Markets are most frequently mentioned in literature) and how the events are conducted there and what is the scope of popularity of the event there. The figure is presented on the following page.

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<sup>57</sup> Ibidem, page 19

Figure 4: Tourist perception towards esports events



source: Leon, M.; Hinojosa-Ramos, M.V.; León-Lopez, A.; Belli, S.; López-Raventós, C.; Florez, H. (2022.) eSports Events Trend: A Promising Opportunity for Tourism Offerings. Sustainability, 14, 13803, page 6

### 3.3.1 Organization of Esports Events in European and Latin American markets

Although the Asia - Pacific region and U.S. are the largest markets and pioneers in esports, some smaller ones are lately experiencing a face-paced growth - including Europe, Africa and Middle Asia and Latin America. The world share can be seen in the following figure, and statements on esports, tourism, and organizing esports events by regions of Europe and Latin America will be more closely elaborated. While some countries see esports as a touristic opportunity for their existing infrastructure, some have esports talents and demand but are still unsure if the event and tournament performance will be executed in the highest quality possible.

Figure 5: The esports industry's world share



Source: Saiz-Alvarez, José M., Jesús M., Valles-Baca H.G., and Fierro-Ramírez L.A. (2021). Knowledge Management in the Esports Industry: Sustainability, Continuity, and Achievement of Competitive Results Sustainability, 13(19), page 5

- Latin America

1) Ecuador - A study that was made on interest and tourist evaluation of main characteristics of esports events in Guayaquil revealed that people usually attending similar events were young single men from lower-middle social classes with a high level of education. When compared to an European study which mostly found students as a main group, it could be said that Latinos mostly show interest in Esports when they can afford their own equipment to play; while Europeans face much less barriers in accessing esports and also have support from their families. What people from Ecuador found most important from total benefits in participating in these kinds of events is meeting new people, having contact with other participants, hospitality, environment, and sharing information on networks. Even though a massive esports event hasn't been hosted in Guayaquil yet, other typical events have infrastructural needs and required services have been successfully covered. Another key factor in respondents' opinion was the information about the event which is also connected to the quality of communication as that is of the highest importance for any sports event, especially for attracting tourists. Other than environment (physical and virtual) being a priority of the esports event, the attendees often mostly appreciate the hospitality in the host city. Satisfaction with the event dimension is the one that is closest to intention of returning, more specifically repeating the esports experience. The destination of Guayaquil is rated 98% as a city for tourists.<sup>58</sup>

2) Argentina - As the whole Latin-American region is becoming more and more relevant in the context of tourist destinations and focused on event tourism, including a great infrastructure with several sports stadiums, esports events are getting organized on an annual and semi-annual basis. Growth is also recognized in terms of esports organizations, competitions, fandom. Destinations in Argentina also aim to place themselves in the Esports Tourism niche in order to extract potential media attention for their better general promotion, as it is often seen as a tool for development of tourism on local levels. This is beneficial for the governments as well because they can vitalize the local economy by infrastructure, equipment, services investments; but they still don't consider esports safe to rely on.

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<sup>58</sup> Leon, M.; Hinojosa-Ramos, M.V.; León-Lopez, A.; Belli, S.; López-Raventós, C.; Florez, H. (2022.) eSports Events Trend: A Promising Opportunity for Tourism Offerings, page 6

Another problem for this region is that there is a low investment in the field, and it is generally tough when esports teams need to receive validity with sponsors and an outcome of that is that the events are regularly hosted by bigger companies with high capital who can organize it at the scope of a global degree.

Some teams had luck or were remarkable enough to be supported by sponsors, but for the most amateur teams that remains a massive obstacle. In Argentina, and for the whole of Latin-America, the most famous international event was the final of South Latin American Cup 2017 in League of Legends.<sup>59</sup>

- Europe

- 1) Ukraine - in the past few years, before the current war crisis, Ukraine has shown a giant potential for esports (cybersport), an infrastructure that is appropriate for gaining profit from sports in general. Ukrainian business is also involved in the esports market, being aware that this market's annual growth reaches more than 30%, that Ukraine has shown great placement when compared to other countries with the 5th/6th place in the world with the highest esports development ranking. Also, when looking back to 2015 Ukraine had 12 participants in esports tournament the International, with only China surpassing that number of players. So, with the fact that the projection for the future is true, esports will, in 10 years, be more popular than football. Again, the biggest complication is that esports in Ukraine wasn't funded by the state and the creation of the Esports Federation of Ukraine didn't change that. Some other countries of the world where the government recognized the discipline as an official sport (China, South Korea, Malaysia, the Philippines, Russia and France), whilst the UK and Sweden are working on it. The USA even classified the game of League of Legends as a sport. But what could be concluded for Ukraine is that, even after their current crisis is finished, their esports commercial activities are developing and while the production of computer games (especially racing ones) is high, Ukraine lacks in other esports activities and that is so because of the absence of dedication to organization and management of esports competitions on international level.

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<sup>59</sup> Crawford C.M. (2021). Handbook of Research on Pathways and Opportunities Into the Business of Esports, pages 357 - 363

If esports was to further expand in this region it must aid talented esports teams, organize schools and clubs for learning and practice of esports, increase both local and global tournament events, construct esports stadiums and promote esports activities. <sup>60</sup>

- 2) Croatia - The region of Eastern Croatia had a Homeland war which caused a great setback for its development, peculiarly for tourism. The region had some constructive progress, but the tourist offer remains based on natural and cultural-historical resources. This Croatian region can likely succeed and attract tourists to this region by introducing and growing this niche tourism branch in order to use the gaming tournament organizations as a main tool in enhancing the regional development. The author of the article also believes that the region has a good autochthonous tourist framework (including exceptional gastronomy, enology, culture and tradition and approachable locals), which the participants of esports events would enjoy as an extra touristic service. Esports inclusion in tourist offerings would have a powerful impact on the increase of regional entrepreneurship. If this region's tourism gets renewed by esports, it is possible to develop custom games for tourists which can then be connected to their tourist activities and connect their love for gaming with their traveling and destination experience. The positive effect that esports tournaments bring is also recognized through strategic value, as hosting the event means boosting the promotion of the destination. The field of esports could bring contemporary technologies closer to business tourism, assist in creating a better city image and would encourage long term changes, development, and new ambitions. <sup>61</sup>

Achieving the goal of including esports could be reached by linking the attractive and market recognizable tourist elements with attraction basis, tracking trends of esports industry and establishing the essential infrastructure for its event organization, create communication and cooperation which would ensure the top-quality level of these events, and organize relevant marketing activities for attracting gamers and esports tourists.

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<sup>60</sup> Natalia Lokhman, Oksana Karashchuk and Olena Kornilova (2018). Analysis of eSports as a commercial activity. *Problems and Perspectives in Management*, 16(1) pages 207 - 212

<sup>61</sup> Alkier, R., Pilko, K. (2019). Esports: the investment opportunity of the decade for regional tourism development, economy of eastern Croatia – Vision and Growth – 8th International scientific symposium, economy of Eastern Croatia, Under the auspices of: Ministry of Economy of Republic of Croatia, Josip Juraj Strossmayer University of Osijek, 1384; pages 645,646



The base for that further growth is also in investing in Eastern Croatia brand formation through creating affirmative harmony between the local case and global requirements for esports (standards, marketing, etc.), more focus towards stakeholders and cooperation (EU funds), synergy of agriculture and tourism (as in leading European continental regions), maintenance and safety of cultural and natural goods, and so on.

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<sup>62</sup> Ibidem, page 646

## 4. Esports Events from the Digital Economy Perspective

While the previous chapters have been explaining how beneficial and rewarding is to bring esports closer to the knowledge associated with tourism, gaming, and events in order to rise its popularity and connect it to destinations, the following chapters will more closely elaborate how the digital economy, emerging technologies, IT infrastructure and the future advancements (including digitalization of economical fields) can contribute to esports. From an economical point of view, esports can be seen as a parallel to the professional sport leagues when their growth is observed.

The digital field is seen as beyond the fields of sports in terms of global professional sports which are ready for improvements of digital technologies. Although most of traditional sports are enclosed because of their nature and are performed in field space/stadiums and have their game time limits, esports have much more autonomy and less of mentioned limitations; therefore, esports audience can constantly be reached and available through connectivity of mobile devices, ability of 24-hour streams and different forms through which the gamer-consumer can engage in esports or gameplay outside the event-based experience. Both digital and experience economies propose there is limitless potential for capitalizing in the field, as esports teams seek to be more professional, but more profitable as well.<sup>63</sup>

There is a continuous narrative that esports presents a part of the generative economy that is a part of a prosperous digital economy driven by technology, and that the growth will continue through primary revenue streams and media and broadcast rights, which will both advance in the upcoming years. In some literature it is also said that esports is the first digital-native sport, but it is still in the phase of being pushed to the mainstream, nevertheless, its exponential increase will continue as there is a proof of economic boundlessness created by the native digitality.<sup>64</sup> For that giant increase, some research has shown that the whole esports business model needs to be changed in the industry. By now, because of its complexity, an operational system still hasn't been reached, as the game publishers decide if the revenue goes to the esports scene, since they own the game rights.

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<sup>63</sup> Newman, J. I., Xue, H., Watanabe, N. M., Yan, G., & McLeod, C. M. (2022). Gaming Gone Viral: An Analysis of the Emerging Esports Narrative Economy. *Communication & Sport*, 10(2), 241–270., pages 17 and 18

<sup>64</sup> *Ibidem*, page 18

Sponsorships still pose as esports' main revenues stream, while for it to be more functional, other significant revenues should be coming from other markets.<sup>65</sup> To be more specific about the sponsorships, the most obvious ones come from the technology sector, companies such as Acer, Dell and Logitech who are well-known as computer manufacturers, but also for many computer, gaming, and technological extra accessories. Another common sponsor is the streaming platform Twitch Tv which oftentimes sponsors teams directly, players or whole events. Esports viewers tend to be the most receptive audience for tech advertisements, along with the tech savvy ones; but companies that also found their target audience in esports viewers are also internet service providers which can easily be linked to gaming as well, such as Comcast or Verizon (in the US market).<sup>66</sup>

Even though there have been credit card sponsorships, they aren't as common as, for instance, beverage companies' sponsorships for teams and events, such as Red Bull, Monster, Pepsi, and others. Another potential sponsors for esports are various online gambling and/or betting companies. The minority of other companies from other fields might have decided to enter the emerging market too as soon as they noticed there is demand for their product with the industry expansion. With the conclusion that many revenue streams truly do come from sponsorships, the effectiveness of these sponsorships needs more research along with exploring certain sponsor's outlooks, as these sponsorships increase their influence by continuous participation through time. <sup>67</sup> While most of money made from esports events is from sponsors, to get an even better picture of the share that esports events (Leagues and Tournaments) have in the entire esports economy a model was made and it includes six possible esports businesses. Each of the businesses has its own abbreviation by which it's going to be referred to in the further text. The value of each category depends on viewer's preferences, as the motivation to watch a streamer or play a game is based on emotional or even material (if the customer/viewer can get a bonus or a gift) commitment.

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<sup>65</sup> Kovács J.M., Szabó Á. (2022.) Esport and simracing markets – The effects of COVID-19, difficulties, and opportunities, *Society and Economy*. pp. 1-17. page 13

<sup>66</sup> Webb, Michael D. "History and Effectiveness of Sponsorships in Esports," *The Park Place Economist*: Vol. 29, pages 10 and 12

<sup>67</sup> *Ibidem*, page 15

If Game publishers (GPs), Physical Products (PPs) and Streaming Platforms (SPs) are profitable and want to expand as businesses they should also recognize TPSs as their main channel of sales in terms of product promotion because they can smoothly showcase the products to their fanbase which could inspire them to buy it. <sup>68</sup>

The figure of the mentioned businesses in the esports industry can be shown as the following:

Figure 6: Entire Esports Ecosystem



Source: Ahn, J., Collis, W., Jenny, S. (2020). The one-billion-dollar myth: Methods for sizing the massively undervalued esports revenue landscape, International Journal of Esports, page 4 and 5

As for esports events, they belong to the Leagues and Tournaments (LTs) business section and have a setting where esports experts qualify and play against each other for their share of the prize pool. In comparison with other categories, it can be pointed out that even though esports players perform in events and show their skills to a broad audience, the LTs category still strikes as one with a rather small amount of revenue compared to others.

The main reason for that would be that LTs usually handle esports venues, collect sponsorship and advertising revenue, but use it to draw viewer attention in favor of promoting and introducing new TPSs. Eventually, LTs get to save only a modest cut of the overall revenue.

<sup>68</sup> Ahn, J., Collis, W., Jenny, S. (2020). The one-billion-dollar myth: Methods for sizing the massively undervalued esports revenue landscape, page 13

The esports industry also informs that some highly acknowledged Teams, professionals, and streamers (TPSs) choose not to take any share of the revenue at all, as they already possess talent and are able to obtain bonuses for performance that way.<sup>69</sup>

While there is evidence of LTs failing and bankrupting in the period of mid 2000s, some of them managed to get through and still gain some money, mostly due to the sizable franchise profits. Besides, it is a practice that one new franchise is announced every year, along with the aging of this industry. The largest LTs in the world today would include Leagues such as ESL (Electronic Sports League), MLG (Major League Gaming), Overwatch League, The International and many others, although most act as subdivisions of the larger organizations. Their yearly revenues could be approximated in the range of 20 to 60 million dollars with the addition of 20% for the long tail leagues which have a total value of 114 million dollars.<sup>70</sup>

There is an option of developing esports in the context of shaping innovative business ideas which can be brought from other existing models, that can be done because of the industries' digital and global direction. Economic actors in esports can have six main characteristics:

1) Esports athletes focus on their objectives, 2) The (market) orientation is “glocal”, 3) Esports athletes are capable of change, 4) Resources are distributed bottom-up, 5) Esports athletes are over-energetic, over-enthusiastic, and over-dynamic and 6) Digitalization is an integral part of esports. Additionally, today's mindset is that in modern digital workplaces, workers should have the skills of an esports athlete in terms of STEM fondness, digital literacy, focus, motivation, and others alike. Esports may be an answer for the future of the European SME sector when it comes to talents gained, since corporations value the skills of employees in the industry and see them as a step in internal and external digital corporate culture.<sup>71</sup>

More about this topic will be thoroughly elaborated in the following chapter.

On the other hand, a standard esports economy concept with the earlier mentioned businesses in esports is presented in a model where the two main factors that power the esports industry are undoubtedly players and viewers.

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<sup>69</sup> Ibidem, pages 13 and 14

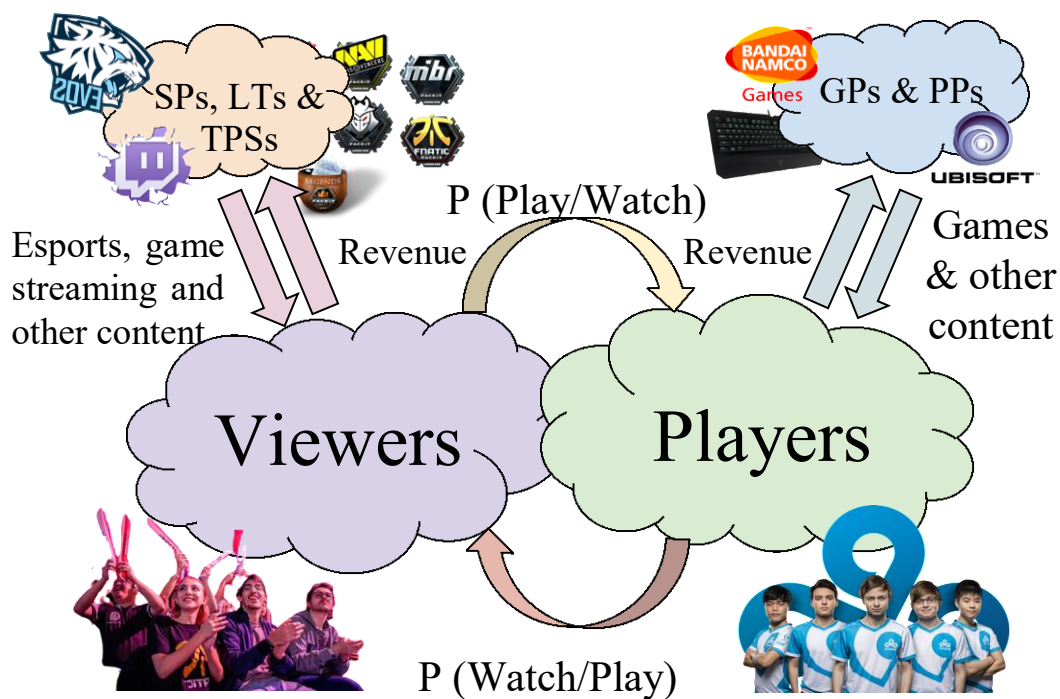
<sup>70</sup> Ibidem, page 14

<sup>71</sup> Scholz, T. M. & Nothelfer, N. 2022, Research for CULT Committee – Esports, European Parliament, page 43

The players obtain their content and goods from GPs and PPs, while viewers primarily watch esports streams - gaming video content via SPs and bring profit straight to LTs and TPSs, as both groups also use DTs as well. Accordingly, esports core value manifests as connection between both players and viewers. Viewers choose to watch a player if the individual shows charisma and amusement in their gameplay including a high level of expertise, while switching probability with a certain value P (meaning probability of an esports player also viewing others play that esports title) which is equivalent to Watch/Play.

Furthermore, the viewers who watch streamers/influencers are likely going to play the same games at some point after viewing them first, and they will, too, start with other probability and a value P (which is equivalent to Play/Watch). The model and summary showing these relationships is presented in the following figure.<sup>72</sup>

Figure 7: Esports economy value flows model



Source: Ahn, J., Collis, W., Jenny, S. (2020). The one-billion-dollar myth: Methods for sizing the massively undervalued esports revenue landscape, International Journal of Esports, page 6

<sup>72</sup> Ahn, J., Collis, W., Jenny, S. (2020). The one-billion-dollar myth: Methods for sizing the massively undervalued esports revenue landscape, page 14

## 4.1 The Trends of Digital Economy and the Role of Esports

If a business in general is to be included in the digital economy, it must have a specific business model, where creating value and distribution gets accomplished predominantly by digital technologies. There are several eminent features that divide digital business models from the conventional ones, and they are more closely clarified in the following table.<sup>73</sup> The listed features are also benefits that can make businesses more efficient and practical as they abbreviate business processes in particular models:

Table 2: Characteristics of digital business models

<b>Digital business models' common features</b>
1) Through digital technologies innovative value propositions are proposed
2) Digital technologies allow implementation of new opportunities
3) The usage of resources has upgraded efficiency
4) Physical places and pieces matter less than before
5) Lower marginal expenses are possible
6) Possibility of high scalability
7) Flexiblens and personalization improved
8) Using data as a crucial resource
9) Service provided to consumer is of a higher rank
10) Business model innovation growth at a faster rate
11) Exponential network effects enabled
12) Stimulation of advancements in specific ecosystems
13) Accepting the "Winner takes all" scenario on market
14) Enabling disruptive business models

<sup>73</sup> Zentner H. Spremić M. and Zentner R. (2022.) Effect on management's competencies and digital skills on digital business model maturity for SMEs, *Interdisciplinary Description of Complex Systems* 20(5), 514-532; page 516

Table 2 points out that there are various novelties, from modern value approaches, acceleration of business innovation, and above all, new business directions and markets, along with the creation of peculiar business ecosystems. What's more the model is strongly associated with digital transformation. In general companies are pursuing innovation of its services and business models, along with intense changes of the organizational culture, taking in account other effects that also impact the company and its business ecosystem.<sup>74</sup>

Esports companies' business models, culture and characteristics may vary, but for all of them it can be implied that they are partially digital and contain the mentioned innovations as it is very logical for them. Again, at this point it would be troublesome to try to apply all the emerging technologies at once in esports business models, but it could definitely grow and mature (although at this point it still may be a nascent industry - meaning it is at its early stages but showing signs of stability) with emerging technologies surrounding it and aiding several business processes. Emerging technologies were already introduced with esports trends, but in the context of digital technologies in general, they can be profoundly classified.<sup>75</sup>

Accordingly, digital technologies can be classified as primary (such as mobile, social, cloud, Big Data, IoT) and secondary (3D printing, wearables, virtual and augmented reality, artificial intelligence, drones and robotics, deep learning, etc.). The technology that a company decides to apply solely depends on the digitization areas of focus, but there is a wide spectrum of choices. No company chooses all as that kind of implementation would be costly and nonessential, since not every technology is useful for every field, but can aid only in some.<sup>76</sup> A business focused on providing a service can engage in customer - oriented process digitization so that the personnel could access quality information and complete tasks remotely, which would enable a service that is instant and achieve higher customer needs fulfillment. Using big data could also bring advantages by allowing increased observations and creating useful information from given existing or by collecting extra data.

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<sup>74</sup> Ibidem, pages 516 and 517

<sup>75</sup> Ho N.M. (2021.) Capitalizing on the future growth of the esport industry, Vaasan Ammattikorkeakoulu University of Applied Sciences – International Business., page 33

<sup>76</sup> Ivančić, L., Bosilj Vukšić, V., and Spremić, M. 2019. Mastering the Digital Transformation Process: Business, Practices and Lessons Learned. *Technology Innovation, Management Review*, 9(2): 36–50., page 43



Another helpful tool for standardizing modern business processes, ERP (enterprise resource planning) might be useful.<sup>77</sup> In Esports, processes such as managing esports teams, organizing events, tracking, and managing equipment and contracts and other similar activities are a perfect fit for ERP software, since multiple procedures must be supervised simultaneously. As it was mentioned in a chapter where esports is compared to professional traditional sports, processes in both are becoming more and more alike, so it could be a suitable solution for any kind of esports organization.<sup>78</sup>

Other post-COVID-19 trends of the current economy revolve around readjustment, but also improving businesses by implementing digital services and technologies and focusing on climate change. The digital transformation includes shifts in the sole structure of companies which would also favor getting around in case of another turbulent scenario, along with allowing individual businesses to survive considering tough competition and fast-paced global setting. Therefore, modern companies need to learn how to thrive, even if the success of today might not be there the following day as there is a need to continuously bring innovative approaches.<sup>79</sup>

Researchers have also proven that SMEs' executives identify the level of a company's development by its experience, digital content, and platforms, or in other words, maturity of business models, is effective on the overall business prosperity and sustainability in the long run. Nevertheless, in the context of excellence in operations, there is no equal solution for everyone; even though it always includes transformation of products, services, processes, and people, including performance enhancement. Since unpredictability is something to watch for in business, one can protect themselves by creating a resilient business landscape and being able to shift operations, which may be necessary in today's environment.<sup>80</sup>

At present, esports businesses have some business models focused primarily on management; they are divided on the centralized and decentralized management model.

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<sup>77</sup> Ivančić, L., Bosilj Vukšić, V., and Spremić, M. 2019. Mastering the Digital Transformation Process: Business, Practices and Lessons Learned. *Technology Innovation, Management Review*, 9(2): 36–50., page 43

<sup>78</sup> <https://multiable.com/2023/06/28/the-growing-popularity-of-esports-why-erp-systems-are-critical>, visited on 08.08.23.

<sup>79</sup> Savastano M., Zentner H., Spremić M. and Cucari N. (2022.): Assessing the relationship between digital transformation and sustainable business excellence in a turbulent scenario, *Total Quality Management; Business Excellence*, page 16

<sup>80</sup> *Ibidem*, page 17

The centralized one is where the publisher takes on the main decision making while other actors have limited positions is applied in League of Legends (LoL) competitions. In this approach - organization, rules, form and classification of the competition are undoubtedly clear to all actors; but the role of dominance and main opinions that publishers have shut down other actors' improvement suggestions as well as revenue transparency and distribution of gains turns out to be questionable.

On the other hand, decentralization is quite the opposite and is enforced in Counter-Strike: Global Offensive (CS: GO) and Dota 2 (Defense of the Ancients competitions), where the organizations of the competitions have a say and are more autonomous, which also brings more equality to other actors and ergo, more competitions and tournaments. This approach also has weaknesses which are shown as lack of common rules, no unification in event time order and imprecise classification of leagues on local, regional, and global levels. It is evident that models' advantages and disadvantages overlap in the opposites.<sup>81</sup>

What can be concluded is, if resulting data was driven from these events, through business software, it could possibly be seen more easily which management model shows better outcomes in general and has better application for each event regarding game, size, and goals. Visitor surveys and market research could also highlight potential blemishes that could potentially be solved. Finally, although esports is digital and hybridly online, it could use the help of business digitization in the aspect of management and enhance its own growth by including sustainability and modern business culture in the general business operations.

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<sup>81</sup> Carrillo Vera, J. A., Aguado Terrón, J. M. (2019). The eSports ecosystem: Stakeholders and trends in a new show business, *Catalan Journal of Communication Cultural Studies*, 11(1), 3–22, pages 13 and 14

#### 4.1.1 Sustainability of Esports

The sustainability of esports cannot be achieved just through business development within the means of economic sustainability, although business models, authority and institutionalization are a topic with a close association to it, it seems like sustainability in the social terms is a bigger issue, at least that is concluded by most researchers of esports in theory. The challenges that are faced in that context mostly relate to equal inclusivity, social and mental aspects of health, ecosystem fragmentation and other similar topics of interest.

In the research which covered economic, social, and environmental sense, the point of view that is scarce in literature due to lack of data is environmental sustainability which would show, for example how to use energy-saving for esports live tournaments (events).<sup>82</sup>

In this case it might be so because this kind of research is frequently focused on the state within esports including its structures and methodology, instead of, for instance, technology's impact on the esports industry. However, in the gaming literature it has been noted that there is a major negative side to the digital infrastructures and video games, but since there is not too much about it, ecological crisis that affects the worldwide society must be taken into consideration. That is a rising problem where esports stakeholders should always remember that it could escalate at some point in industry growth. When overlooking now known facts from esports events, environmentally affected utilities are water, material, electricity, food, chemical, natural resources, and other goods alike that take away from environment and are needed for the event and venue to run a competition, along with accommodation spaces needed to host players, officials, viewers, and others who take part in that event.<sup>83</sup>

While these events do create emissions that harm the atmosphere, with substantial amounts of trash and recyclables, that situation remains almost the same as in standard events or the traditional sport events (which are maybe the most similar ones to esports at that angle). The convenience of esports is that they have a possibility of having only digital events, which makes a sizable difference in the environmental influence of esports.

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<sup>82</sup> Nyström, A.-G., McCauley, B., Macey, J., Scholz et al. (2022). Current issues of sustainability in esports. *International Journal of Esports*, 1(1), page 13

<sup>83</sup> Ibidem

With a further question of governance in esports, that also depends on how esports tournaments, events and organization will be affected by climate change. The Climate Vulnerability of Sport Organizations (CVSO) explains sport organizations being shaped by climate change in the future, as this organization focuses on liability to climate and the capability to respond to climate crises in time. How this is going to be addressed by the esports industry still remains unaddressed at this point.<sup>84</sup>

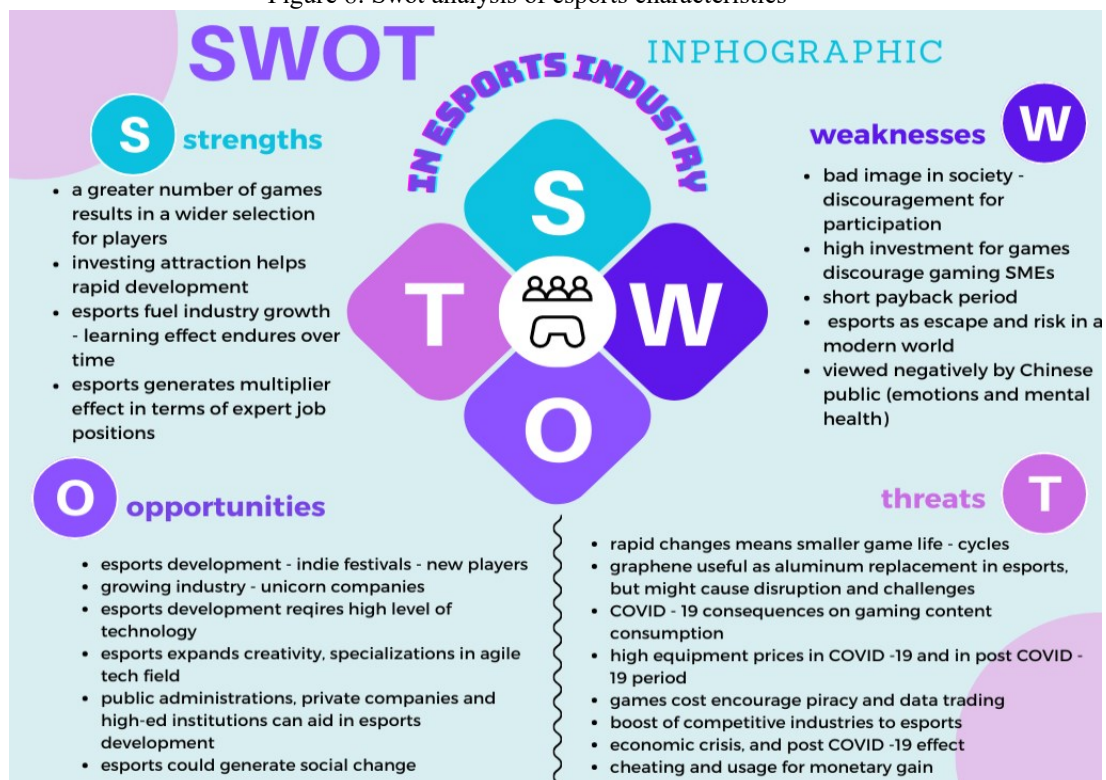
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<sup>84</sup> Ross, W. J., & Fisackerly, W. (2023). Do We Need Esports Ecology? Comparisons of Environmental Impacts Between Traditional Sport and Esports. *Journal of Electronic Gaming and Esports*, 1(1), jege.2022-0030., page 3 and 4

## 4.2 Advantages and Disadvantages of Emerging Technologies

To determine effects of emerging technologies, firstly the esports industry's highlights and challenges must be explored in a more detailed way, to see whether they would bring positives or negatives to the general industry development and to get a view of technologies being an accelerator or a financial burden in terms of esports still maturing and figuring its way. The best way to get a precise insight is a breakdown through SWOT analysis of esports in general, where main characteristics are separated into categories - strengths, weaknesses, opportunities, and threats. Every characteristic will be more closely justified and described in terms of its environmental features. This analysis will help in matching emerging technologies with the specific needs of the industry and give an option of taking advantage of opportunities that align with its changing environment by emphasizing technologies that work well with the industry's strengths, address weaknesses, make the most of opportunities, and effectively manage potential threats.

Figure 8: Swot analysis of esports characteristics



Source: author's interpretation of an esports SWOT analysis Saiz-Alvarez, José M., Jesús M., Valles-Baca H.G., and Fierro-Ramírez L.A. (2021). Knowledge Management in the Esports Industry: Sustainability, Continuity, and Achievement of Competitive Results Sustainability

Strengths can be interpreted through the current successes of the esports industry and the main reason for the given growth number of releases of distinctive, new games which also repeatedly hooks the audience, and as the preference of an average player can vary, current game library is so diverse that there is a wide choice of genres, playstyles, stories and other features of a single game that an individual might find as a turning point in his/her choice; so that is great for both sides - game developers/designers and players. In the captivating and technologically advanced gaming industry, the elements of events, competitiveness, teamwork, and the generation of positive effects (up to a certain volume) for all contributing stakeholders provide ample motivation for investment within both domestic and foreign framework, which allows a development with a greater agility.

Furthermore, esports can be described as highly affected by the essence of teamwork and high ambition and hunger for winning and improvement that is also known as kaizen which is strongly conducive for business growth. What is more, those young personnel are exactly what helped some of the esports companies to advance further. It could be said that esports and the profits that are generated continue to have a steady learning streak over time, which can be useful in the long run. As has been said many times, esports is an industry that helps other industries grow and creates amazing results in many of its fields. That can also be shown in job positions that are highly specific and help higher education institutions in a scientific context.

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On the other hand, the industry is often pictured as bad by the public, especially from families as gaming in general is perceived purely as recreation/leisure which also develops psychological dependence and is often seen as a barrier for studying among youngsters and adolescents as parents like to prioritize their education. The outcome of this situation is often parents forbidding esports tournament participation to their children. Another disadvantage is the size of starting investment in order to design a game of great quality which could compete with ones created by the best companies in the industry which surely intimidates SMEs that want their shot in game development. Another issue with that is the rather short payback period for games, as the market is saturated with excellent competition in existing games.

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<sup>85</sup> Saiz-Alvarez, José M., Jesús M., Valles-Baca H.G., and Fierro-Ramírez L.A. (2021). Knowledge Management in the Esports Industry: Sustainability, Continuity, and Achievement of Competitive Results Sustainability, 13(19), page 13

Another notable area of concern is that for some, esports is a route for solving personal issues which can also be connected to addiction problems or aggressive behavior.<sup>86</sup>

This is particularly evident when enormous tournaments occur and there is both high emotional tension and a high stress environment. Even though gaming is safe and fun for most, some experience functional damage and psychological agony in excessive esports. Research conducted on esports clubs in China has revealed that esports is anticipated as troubling and irregular by the public. It should be considered that cognitive cultural beliefs, economic stimulation, and authority attributions had a large effect on esports professional players' health. Additionally, esports offers several opportunities such as growth of public-private collaborations in terms of organizing and celebrating indie esports festivals with a goal of attracting the youth. From a business point of view, the rapid growth of esports means the emergence of unicorn companies. The industry has a giant demand for knowledge increase of disruptive technologies such as VR, higher speed and game complexity and interaction.<sup>87</sup>

Since esports needs a lot of knowledge in multiple fields from the personnel, it also grants positions in digital marketing, data and business analytics and technical creativity, while all the professionals can be allocated to technology and business innovators who are specialized in agile technologies. Esports can also advance entrepreneurial ecosystems in a way that they can collaborate and help develop this industry together. Another situation where it may have an important role is in building corporate social responsibility policies, where skilled young people could express their gaming talents, which would fight poverty even in impoverished regions, especially after the pandemic.

On another note, an esports industry that is known as vibrant, captivating, and creative has a bunch of flaws which can easily form into serious business threats - instability, lack of standards as it is still quite immature and unknown in terms of having firm business practices. So, as technologies also change consumer preferences, the life cycle of the games becomes smaller as well (with the exception of disruptive games) which also creates hard time for competition.

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<sup>86</sup> Ibidem

<sup>87</sup> Ibidem, page 14

Another case in which there can be lots of positive outcomes but could be a big threat is graphene replacing aluminum with a goal of reducing costs of production in esports, and it is worrisome how challenging and disrupting this replacement could bring.<sup>88</sup>

Of course, a main threat is the pandemic, or to be more exact its aftermath effects where even though esports is a hybrid industry and can be placed to online surroundings, it wasn't something many could've counted on in the time of the crisis. Its economical and health crisis repercussions brought higher prices of equipment for esports and higher overall cost of games which reassured some that the only way to pursue this activity was through piracy or data trading. The same technology that brought favorable outcomes for esports did the same for some other leisure and entertainment industries, so competition also received exponential growth. Ultimately, there are still cases of cheating in esports competitions and some of the more experienced esports professionals tend to access the lower-skilled accounts with the purpose of increasing their own rank for financial benefits.<sup>89</sup>

Although esports isn't in a phase where it could benefit from every emerging technology, some are more suitable than others. The development of mobile technologies (5G) and internet speed may be the main basis for esports becoming mainstream and attracting the youngest from the earliest ages, as accessibility, popularity in media and opportunism might create even a bigger fan base and talents. Cloud gaming and IoT could completely disrupt and change the whole gaming sphere with its existence and together with VR and AR bring a whole new level of immersion.

For big data it was already mentioned that it could be useful to a great extent for esports organizations and businesses in data and market research, as well as AI which is predicted to change the industry in several fields. AI could help in training esports teams and help esports athletes in their strategizing and development of intellect. Not only that, but it could predict outcomes of maps and characters in games and aid players, also help the spectators as AI systems/engines follow player activity (which also includes machine learning, as systems could learn from previous games and use knowledge for the ongoing and future ones; but also, deep neural networks and algorithms).

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<sup>88</sup> Ibidem, page 14 and 15

<sup>89</sup> Ibidem, page 15



As emerging technologies are often intertwined with one another, AI is seen by the experts as a key technology for a vivid and intense entertainment world and knowledge and experiences exchange.<sup>90</sup>

Wearables and 3D printing too have application opportunities. Wearables are being developed to monitor eye movements, heart pulse and cognitive motions by using metrics to analyze burnout risks, stress levels and to bring electrical signals to the frontal cortex of players which intensify performance in terms of concentrating and learning. This technology could also solve a problem of burnout, as it would monitor indications of lethargy.<sup>91</sup>

When it comes to 3D printing, it finds its usage in helping esports professionals in recovery and prevention from injuries and in enhancing performance through producing more ‘gaming - friendly equipment’. 3D printing offers the creation of assistive and medical devices.

Right now, there is a huge demand for 3D printed gaming equipment which might be involved even more in the following years.<sup>92</sup> As blockchain technology is useful for many modern businesses it might have a meaningful role in media and entertainment industries, which includes gaming and esports too. It brings decentralization, reliability and tamper-resistance approaches to life and could introduce novelties. It could also upgrade existing systems by introducing dynamic pricing, micropayments and smart contracts which would simplify managing esports players too.<sup>93</sup>

All in all, a large quantity of technologies brings refreshments, but could also bring drawbacks if not inspected thoroughly. It will still take a substantial time in general for these technologies to find their stability and see how they function simultaneously. Since esports is still in relatively early stages of its peak development, if both the technologies and esports grow in the following years which is predicted, esports could finally reach its maximum point and become a massive entertainment source for a wide audience.

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<sup>90</sup> Kugler L. (2022.) How AI Is Driving the Esports Boom; Artificial intelligence is helping the esports industry take the world by storm, Communications of the ACM, pages 17 and 18

<sup>91</sup> <https://venturebeat.com/esports/wearable-technologies-in-esports-bring-opportunities-and-challenges/>, visited on 11.08.23.

<sup>92</sup> <https://www.fabbaloo.com/news/3d-printing-for-esports-improving-performance-and-health>, visited on 11.08.23.

<sup>93</sup> Löhnert M., BSc (2022.) THE IMPACT OF DIGITAL TRANSFORMATION ON BUSINESS MODELS A Literature Review with a Focus on the Media and Entertainment Industry, Master’s Thesis to confer the academic degree of Master of Science in the Master’s Program Management, Johannes Kepler university Linz, Austria; pages 54 and 55

### 4.3 IT Infrastructure as a Main Tool for Event Enhancement

Emerging technologies were closely elaborated but will be inspected from other aspects as they vastly impact the sole infrastructure of esports events and could additionally boost it to be better against potential threats and upgrade the viewership experience (for both live and digital events). Events in esports could become incredibly better with the help of the IT infrastructure and upgraded knowledge management systems. Esports could benefit from establishing a unique system which would help the employees enhance their productivity and rank the competitiveness of the company at a higher level. The system would enable data collection and collection of essential knowledge for a better understanding of what is pushing the company, events, and the whole industry. An expert stated that it could also advance collaboration, detect knowledge origins, collect, and retrieve knowledge with an emphasis on mining collections in order to find hidden knowledge.

The knowledge management system could be a part of the information strategy for the future of esports as it would be a comprehensive plan with a direction for the upcoming 5 to 10 years.

The system could be identified as a base for the future since it would automatically acquire knowledge and would help in understanding effectual elements of esports events. Setting this system would mean adjusting tools for data mining and data warehouses, which would function like decision support systems and improve accuracy of reporting. Having a data system for gaining useful and more valid material is seen as more functional than gathering information alone and single-handedly. The advantage of being able to use real - time data makes it easier to track current and future trends and move towards further long-term enhancements in the esports industry.<sup>94</sup>

Data has a crucial part not only in today's systems but in any digital transaction, but with its perks of explanatory function on human behavior and choices, but it also raises questions of individual's privacy since they were several cases of breaches, hacks and frauds which indicate that user information has giant trade potential, especially for those who want to abuse it.

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<sup>94</sup> Olsen A. H. (2015). The evolution of esports - An analysis of its origin and a look at its prospective future growth as enhanced by Information Technology Management tools, pages 126-129,137 and 138

It is evident that the economic model fundamentals for the ecosystem of esports include online streaming actions of individuals, so it could be said that collection and monetization is happening for participants and fans of esports which results in esports facing similar risks as Facebook or other social media platforms.

Another questionable area is noticed when it comes to GDPR (General Data Protection and Regulation) and age of consent at sixteen in the EU, but that isn't applicable for certain game publishers whose games are for younger players. GDPR also demands that all the businesses secure all data of their employees and make sure that it is only accessible if needed. Similar rules were established in the US by CPPA (California Consumer Privacy Act) and require esports companies to get explicit consent when obtaining and monetizing biometric data (including patterns, speed of clicks and user login/logout time). Although CPPA views this as personal data, GDPR doesn't, which creates a similar challenge for esports that other entertainment and social media companies face too. This is just another proof of what seems like a strength from the outside, might actually be a real threat for this industry in terms of new technology.

Alternatively, the emergence of blockchain technology could help in solving the problem of managing privacy and decreasing fraud risks which might have considerable connotation with the esports ecosystem. A value that this technology could offer to esports are loyalty programs which would work as a mechanism that is both structured and secure. This system would reward members and supporters for their participation. Blockchain in the earlier stage offered earning of tokens which enabled purchases on the digital market, while the functions in the future might allow its users to own and take part in esports token transactions and buy merchandise or other tangible products which enable growth of loyalty programs across several platforms for games and streaming.<sup>95</sup>

Besides that, blockchain could advance the game transaction system and decentralize the gaming marketplace, as today in-game purchases still belong to platform vendors or publishers and are known as micro-transactions. Presumably, in the future, trading items such as weapons, cards, skins might be possible with no involvement from a third-party.

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<sup>95</sup> Reilly N., Abeza G., Clark B., Legg D. (2019). Implications and Impacts of eSports on Business and Society: Emerging Research and Opportunities, IGI Global, Pennsylvania, SAD, pages 244-248

However, this strongly depends on the publishers and their will to either adapt or forbid/limit this in the whole gaming and esports industry. The facilitation of financial transactions might enable higher trust and lower financial costs to all parties as it is based on “smart contract” and allows crowdfunding as well. Lastly, for this technology to work in the industry, critical mass must recognize the privileges of its adaptation along with publishers giving up on authority for the potential prevalence of blockchain in esports.

As the newest generation of wireless connection, the fifth (5G), was introduced alongside the “internet of everything”, giving almost everyone in the world a chance to connect their devices to the internet. It is forecasted that IoT will rapidly advance by 2025 and will tremendously impact on the evolution of the esports industry. That will be extremely advantageous for relocating esports from PC to mobile devices. Some of the mobile games, Clash Royale, Vainglory and Honor of Kings, have already been a success story on esports platforms.

Other than moving spectating of esports to mobile devices, the events themselves could be advantageous for live events because of its lack of need for additional infrastructure which could enable more frequent events at smaller costs. Another group of technologies that could change ‘the infrastructure’ of gaming and esports is VR and AR, but research has shown that less than 1% of Steam users have a VR headset. Only a chunk of VR’s real potential was shown through the PokemonGo game.<sup>96</sup>

Nevertheless, the VR market is predicted to grow tremendously by 2024, because right now the esports viewership is limited mostly to fans who play the game which is being streamed. It is anticipated that VR will undergo further advancements and become more affordable in the coming years. While its current utilization is primarily focused on attracting technology enthusiasts to event centers, there remains a barrier to widespread accessibility due to its relatively high cost for the general public. Another trend that directly affects esports is that broadcasting isn’t limited to timetabled programs anymore, so esports tournaments can be watched anytime. Even so, this makes it harder for media channels to find a broader viewership, but it also makes content creators focus on the esports market and suitable marketers, as that way the audience can be targeted more easily.

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<sup>96</sup> Ibidem, pages 451 and 452

A trend that isn't directly associated with classical esports, but also happened to traditional sports is esports betting, as it initially started as CS: GO skins trading but was pushed to legal termination as it was poorly regulated. Despite that, the market of esports betting that is currently in its beginnings, might follow the trends of sports with in-game gambling possibilities.<sup>97</sup>

With esports becoming more mainstream, more regulations are becoming necessary. With the growth of esports, some politicians and officials are becoming more observant when it comes to a negative and ungoverned environment. They are worried that it might have a bad influence on one's mental and physical health, recruitment of youngsters and the culture of misogyny. That's why esports is forced to have its values clear and administered by an independent governing body, so that it might become more attractive to sponsors and investors (who don't want any connotation with discrimination or similar problems).

A trend or attribution to esports is that its digital nature indicates it being a phenomenon of a global scope. That also has its downside, as esports teams have no geographical link to "home" and don't meet the relationship and rivalries of traditional sport which involves local tickets, sponsorships, and merchandise. It seems like esports will need to include the localization of profit to reach its full potential.<sup>98</sup>

Finally, some companies are working on an important aspect of IT infrastructure that refurbishes the gameplay in making it more fair with softwares of AI-driven anti-cheat systems. A system that 'works for all' definitely doesn't exist, but small companies tend to commit to a singular esports title and develop an AI solution for it. Anybrain developed a solution for the FPS Valorant, where biometrics of behavior are being monitored (keypad and mouse detection), with machine learning algorithms which learn the gameplay and are able to detect oddities with a 99.9% accuracy of detecting aimbots, macros, bots or other hacks.<sup>99</sup>

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<sup>97</sup> Ibidem, pages 455 and 456

<sup>98</sup> Ibidem, pages 457 and 458

<sup>99</sup> <https://esports-news.co.uk/2022/03/02/ai-tech-detect-bots-boosters-cheaters-smurfs-valorant-anybrain/>, visited on 12.08.23.

## 4.4 The Roles of Main Esports Platforms

When trying to build up a fanbase that is going to be highly immersed with a game or player, a streaming platform is possibly the most effective stakeholder in the esports ecosystem. Some of the stakeholders are committed mostly to esports (like Twitch was in its early years), while others offer a wider extent of content, but want to cover the esports field as well (like YouTube or X [former Twitter]).

To be more precise, in the context of esports and its digital sphere, the esports streaming platforms operate as the modernized broadcasters who publicize esports content. The content can be separated into competitive (where the league tournaments are aired) and non-competitive (where gaming influencers show off their skills or games they like). There are a few dominating platforms, depending on geographical location, which is shown in following figure:

Figure 9: Key Platforms in Different Markets



Source: Newzoo, Global Esports & Live Streaming Market Report, Key Trends | Market Sizing and Forecasts  
Special Focus: Mobile Esports, Blockchain, and Co-Streaming, 2022, page 46

Twitch is the most popular live - streaming platform of the Western market. It is accessible anywhere in the world with the exception of China, where it was forbidden. The second favorite platform would be YouTube Gaming, with the same global availability and a ban in China.

YouTube Gaming bases its popularity on competitive mobile games but has a tough competition with India's Rooter or Trovo, which also attract high viewership. The third in the order is Facebook Gaming and as another live-streaming service it found its audience in mobile games PUBG Mobile, Free Fire, and Mobile Legends: Bang Bang.

Although it isn't the preferred platform in the west, it offers its streamers to play directly with their audience or allows the audience to have an impact on the streamed games.<sup>100</sup>

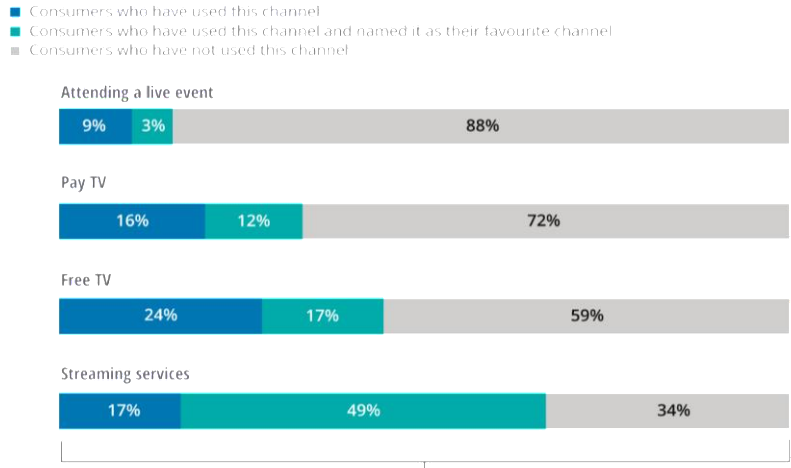
Since the range of choice is much greater on a streaming service and it is hard to target a large audience successfully, esports enthusiasts still prefer digital events compared to live ones which can be seen in the upcoming Deloitte survey. It also shows dominance of Twitch when compared to YouTube Gaming and Facebook Gaming:

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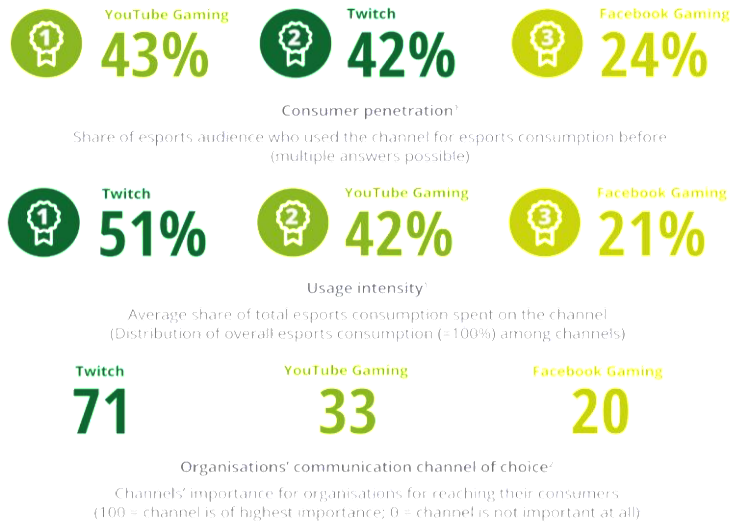
<sup>100</sup> Newzoo, Global Esports & Live Streaming Market Report, page 46 and 47

Figure 10: Channels and Streaming Services Preferences

**Channels used for esports consumption**



**Top rated streaming services**



Note: 1) Consumers were asked to evaluate their consumption behaviour regarding 11 streaming platforms and TV channels on which esports can be watched and were given the possibility to name further channels they deemed relevant; 2) Experts were asked to evaluate 24 channels from the areas of streaming, TV, social media, live events, their own company's channels and other third-party channels regarding how important they are for their organisation in terms of delivering value to their customers.

Source: Deloitte analysis.

Deloitte Insights | deloitte.com/insights

Source: <https://www2.deloitte.com/us/en/insights/industry/telecommunications/esports-in-europe.html>, visited 13.08.23.

Researchers of the field of esports might conclude that esports was actually introduced through streaming platforms as they may be a reason for it skyrocketing so fast, as the audience had the freedom of watching a professional tournament and was also able to watch backstage content of their favorite players practicing or giving their daily insights.



This was a major difference when compared to traditional sport, where fans usually don't get the chance to witness their beloved athlete perform daily training in the gym, on the field or reflect on their day. <sup>101</sup>

As data was already mentioned to be a very crucial part in getting insights on anything in a digital form, it is also an ideal source for streaming content enhancement. For some people, the tournament of more complicated video games like DOTA 2, could appear challenging to comprehend. At the same time, commentary on the game's basics is also a way to force experienced esports fans to leave the stream. Because of that, data analytics are seen as a way to contribute to balancing out the knowledge gap between the spectators and withhold a wanted viewership, although data is already crucial in game development too.

Up to now, higher levels and new forms of interaction in broadcasting and the sole worth of data analytics hasn't been inspected by researchers or experts, although there are considerable opportunities for new value creation in the esports ecosystems through digital channels. The best instance is placing advertisements in order to increase both the engagement and revenue from sponsors. On the other hand, the execution of ads might also need the involvement of the video game publishers as the changes would also be in-game (for example, inserting a sponsor's logo to game's interface). <sup>102</sup>

On top of that, the technologies that were specified already (like AR and VR, including haptic feedback and other innovative methods), could show interesting and suitable models for boosting both viewership and fans' inclusion. The digital interaction that enables sports participation or, in other words, intentional and active partaking in physical activities that are done at an individual's convenience, is another method to bring engagement up. In terms of the design of the esports platform, as much benefit is brought from its digital nature, there is always a risk of data manipulation in competitions.

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<sup>101</sup> Reilly N., Abeza G., Clark B., Legg D. (2019). Implications and Impacts of eSports on Business and Society: Emerging Research and Opportunities, pages 80 and 81

<sup>102</sup> Werder, K. (2022.) Esport. *Bus Inf Syst Eng* 64, 393–399, page 397

The designers of platforms need to take that seriously and promise to make the platform secure and trustworthy. Although most interference occurs in-game and is the game publisher's responsibility, cheats and hacks can rapidly evolve in platforms too. <sup>103</sup>

Another concern that esports is facing is monetization, which also happened to social media earlier and that also interfered into the field of esports, where casters struggle to monetize content to balance out with the sizable rights costs. Twitch platform, which will be analyzed as one of the case studies in the forthcoming chapters, has free content to view but introduced Twitch Prime in 2016 as an extra, membership only service which airs premium content. In addition, esports organizations are starting to enforce media rights for the purpose of profit and to stabilize the growing fees. <sup>104</sup>

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<sup>103</sup> Ibidem

<sup>104</sup> Reilly N., Abeza G., Clark B., Legg D. (2019). Implications and Impacts of eSports on Business and Society: Emerging Research and Opportunities, pages 254 and 255

## 4.5 The Future and Opportunities of Esports Events

Even though the industry has mostly seen growth before, due to the recent economic drops, interest for it started to slow, so that made esports companies worried about profitability. With some of them depending solely on venture capital, it is a struggle to stay afloat since the market conditions point to “the esports winter”, which is happening to a greater startup markets. It is important to state that esports still has good viewership, prize pools and participation, but just needs to look (fast) for new income resources.

Some say that betting, especially because of esports dynamic nature, is a perfect opportunity for live betting. However, it still needs a definition of a betting product, since some game rounds (for example for CS: GO) extend up to three hours, which might not be the most thrilling for the better.<sup>105</sup> Most esports predictions seem exciting, but a lot of it also reflects on complicated attributes of social, technological, and economic aspects, so any realistic prediction can't be successfully carried out. With emerging technology bringing different trends and opportunities, some issues arise too.

But, excluding the disruption point of view, esports is waiting to embrace some of the fundamental components from traditional sports that helped it grow as well. Most prospective would be the installment of global authority that would offer supervision and governance which would aid in developing ‘home markets’ to make a better connection between fans and esports event performers (and would encourage sales of local tournament tickets, merchandise, and support from local sponsors).<sup>106</sup>

The revenues for the esports industry are always approximated at quite a big level, but the biggest majority of resources, revenue and property belongs to the game publishers. From an analysis made, they control up to 64% of it. With the expansion of esports, the trend might not maintain that same direction since the maturity of tournaments and streaming platforms grows eagerly.

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<sup>105</sup> <https://abiosgaming.com/press/esports-trends-2023-abios>, visited on 13.08.23

<sup>106</sup> Reilly N., Abeza G., Clark B., Legg D. (2019). Implications and Impacts of eSports on Business and Society: Emerging Research and Opportunities, page 244

That is observable because of the valuation extension of 100% year after year and that's why the industry might have more economical potential than it was originally thought it would, and that's why there is such a great interest for the esports' rise in communities who are shaped by investment trends or the spirit of the current time.<sup>107</sup>

If conditions of recent COVID-19 are taken into account, the whole game industry has been affected, but on the gaming digital position, it has been a positive effect, especially for mobile gaming. The negative impact though, is seen on many esports organizations who had to delay, scrap or move their event online (which in some cases wasn't possible due to the nature, infrastructure or employees of a certain company), which resulted in vast losses for the whole industry. An area of esports that noticed a higher interest was sim racing, which managed to reach a realistic point due to current technology, and as it caught interest of professionals (such as racing pilots) and offered this authentic experience to both players and their audience. Because of such cases, the pandemic really laid foundations for more attention on esports and digital games, which will continue its expansion quicker because of these consequences.<sup>108</sup>

What esports still needs is higher capability of monetization of the given engagement and devotion, and that can be done by recognizing and establishing a functional budget model that will drive up the number of subscribers by monetizing through subscription models at the same time, focus on advertising or a hybrid model for both. The esports ecosystem still needs to see whether monetization of the viewers would create a domino effect.<sup>109</sup>

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<sup>107</sup> Ahn, J., Collis, W., Jenny, S. (2020). The one-billion-dollar myth: Methods for sizing the massively undervalued esports revenue landscape, *International Journal of Esports*, pages 15 and 16

<sup>108</sup> Fakazlı, A., (2020). The Effect of Covid-19 Pandemic on Digital Games and eSports. *International Journal of Sport Culture and Science*, Volume 8, Issue 4,335-344, pages 341 and 342

<sup>109</sup> Reilly N., Abeza G., Clark B., Legg D. (2019). Implications and Impacts of eSports on Business and Society: Emerging Research and Opportunities, pages 257 and 258

## **5. Case Studies and an Insight from Esports Marketing Agency**

Finally, the analysis that is left is the one that reflects on real esports companies and titles and what is the main reason for what they are today. Along with the most famous names in the industry, a close - up insight will be gained from Croatian esports agency. With studying the current position of esports companies, after the theoretical part, this half - practical section will help in drawing the final conclusion and seeing whether there is potential in live events with their digital versions of stream broadcast and will the live events grow for the better with implementation in tourism and emerging technology knowledge.

The first two cases will be introduced as the most famous esports organizations, one being the oldest and most successful and the other one introducing itself as a potential esports governing organization. These companies pushed through all the given challenges and have brought esports to the current form. The third one is one of the biggest game publisher names, while the fourth case is a platform whose size and importance was already mentioned. Last subchapter with the insight to Croatian esports agency is going to consist of an interview with a company's CEO, where important questions for esports and its combination with other industries will be answered with a rich background of the industry. Then, ultimately, conclusions will be drawn and closely discussed as all the cases will be connected to the interview, showing the real and full picture of the esports sector.

## 5.1 Case Study: Electronic Sports League (ESL)

ESL is officially recognized by its full name - Electronic Sports League whose main operations base on organizing, managing, and conducting esports tournaments worldwide and have promptly grown to the extent of being the most sizable esports company globally, as they are also the oldest esports organization that runs up to this day. ESL's headquarters are located in Cologne in Germany but have spread geographically with their 11 offices. ESL was founded in 2000, with the first online gaming league, magazine and gaming server renting being their primary business pursuit. They wrote their name in the history of esports by launching their ESL's Intel Extreme Master's Katowice which counted over 100 000 people live in the audience with a million of people watching the stream on Twitch, and these numbers continue to grow year by year.

Their "ESM One" started with professional European teams competing in Dota 2 tournaments, which was later expanded to CS: GO and Battlefield 4. ESL Pro-League is focused on several prevalent esports titles - Overwatch, CS: GO, Rocket League, Gears of War, Guild Wars 2, Halo 5: Guardians, Hearthstone, Mortal Kombat X and Tom Clancy's Rainbow Six Siege. They also host regional competitions called The ESL National Championships which are hosted in different countries. They might be most famous for their longest lasting series of tournaments INTEL EXTREME MASTERS, where StarCraft 2, CS: GO, League of Legends, Hearthstone and Quake Live are being played. <sup>110</sup>

They also showed their success and resilience among the pandemic crisis and handled it effectively. With their shift to digital products and rearranging their event timetables quickly, they managed to still produce great content and reach their views among the raging live restrictions. Because of how fast they handled the risky situation, they kept their entertaining power and had records in viewership and among some streams - the viewership excessively grew in comparison to the pre COVID-19. The fields of business they set their goals for were heavily invested in and developed throughout that period, but it was also the basis for the further strategic course of the company.

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<sup>110</sup> <https://www.esports.net/wiki/tournaments/esl-gaming/>, visited on 13.08.23.

With prolonging of crucial brand partnerships, a lot of their investments were concentrated on funding innovation, especially addressing technological and uniqueness aspects of their events, which can be seen in in execution of remote production for CS: GO tournaments, installment of esports TV studio with several rooms for production, adopting virtual studios and AR in production, decentralized streams from teams into shows, launch of ‘fan cams’. With the merchandise shop being inaccessible, they added CS: GO trading cards and NFTs. Among other things, they planned to maximize their support and customer experience (including monetization) by making a CS: GO Hub, promoting a product for the “Minecraft” game, and adding emojis and badges with enhanced subscription options to their streams. On top of that, they hosted Sony PlayStation events, where they practiced indirect monetization.

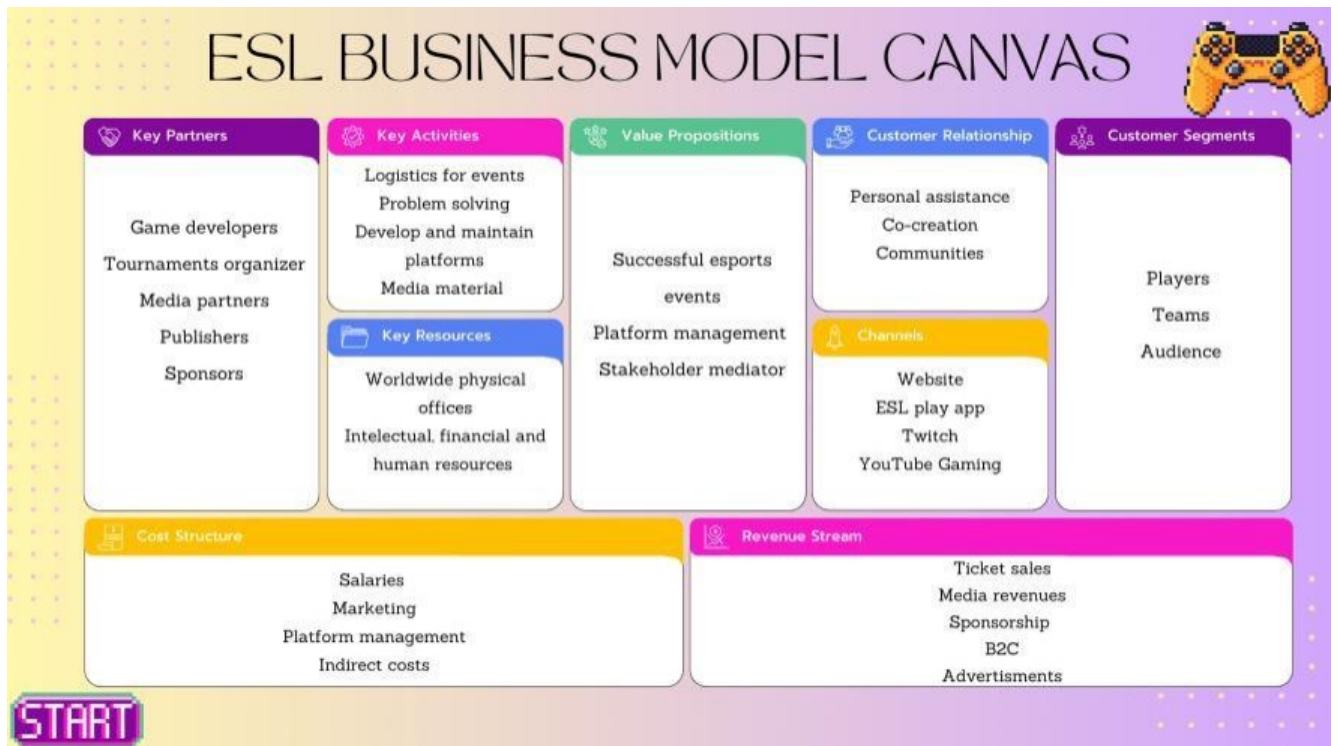
They also created their mobile product with a range of useful utilizations and additional frameworks which were a suitable opportunity for both publishers and developers. ESL showed significant success with ESL Pro League even through COVID-19 due to their partnerships business model which focused on sustainability and the future of CS: GO and resulted in the profit share being 20% more successful than predicted in the first place and continued their search for fulfilling their partnership model with new names. With these positives in the risky period, they managed to step out of the crisis with neither a positive nor a negative result, but their achievement is evident from the business model disruption. Their future definitely remains prosperable with being consistent with live and online events, focusing on fan engagement, topnotch content and working on innovations, new business methods, partnership and monetization. <sup>111</sup>

To better understand ESL’s clever crisis adjustments and overall high achievements; their business model will be analyzed more precisely with a figure of business model canvas, and separated into four main categories including customer segments, value propositions, revenue streams and fundamental partners. This will not only illustrate the current business position and possibilities for this company but also its role in the growth of CS: GO franchise and expansion of the industry.

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<sup>111</sup> <https://www2.deloitte.com/us/en/insights/industry/telecommunications/esports-in-europe.html> visited 14.08.

Figure 11: The business canvas of ESL



Source: Gil-Silva, D. (2019). Business models in eSports: The role of ESL in the development of CS: GO. Universidad Nacional de Colombia Facultad de Administración, Maestría en Administración Manizales, Colombia, 62 pages, page 20

ESL’s goal is to target the niche esports market with their part as a mediator between the mass gaming market and other actors of the industry through organizing esports competitions. For each event they need around a year to prepare, ready the equipment transport, security, infrastructure, scenario and other essentials. Also, they work on the content and media part, 7 days before the event with a team leader having multiple, challenging organization tasks.

ESL has acknowledged its customer segments well by recognizing most of their audience are tech and gaming admirers, are connected to the internet, have display systems, PCs or/and console and other gaming equipment, with the average age being 3; also, research shows that the average consumer games around four hours per day. The consumer profile is much like the professional esports team player and males are prevalent over women in esports whose increase is happening, but right now counts only 22% of all the professional players. When analyzing the company income, the most important are advertising, profit from media, sponsorships, business to customer services and others.



It is noticeable that the company is committing to acquiring global exclusives and raising its revenue with techniques of B2C monetization, upselling and cross-selling while emphasizing sponsors and stronger media rights.

With many opportunities for monetization, ESL also generates its revenue by providing esports services and by operating tournaments, platforms, and events. Their main source of profit that surpasses their expenses is from inventory, media rights, valuable sponsorships, partners' desire to invest and lastly, tickets and merchandise. As for the partnerships, ESL has some major ones that belong to the premium category - INTEL (integrated circuits manufacturer) and TRTO (ecosystem for high-tech), and some of the big brands for media partnerships such as Coca-Cola, P&G, Samsung, Microsoft, Emirates, Hyundai, AT&T, Visa, FIFA and many others. Although their focus remains on the global market, they want to spread into the local one as well. <sup>112</sup>

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<sup>112</sup> Gil-Silva, D. (2019). Business models in eSports: The role of ESL in the development of CS: GO. Universidad Nacional de Colombia Facultad de Administración, Maestría en Administración Manizales, Colombia, 62 pages, pages 22-27

## 5.2 Case Study: International Esports Federation (IeSF)

Currently, three organizations are in line to be the main international governance organization for the industry of esports and The International Esports Federation (known as IeSF for short) has more than 60 esports organizations on national level as member, with a main goal of legitimizing esports as an official sport. Another one was made as an initiative from professional teams and competitions and tournaments organizers and is known as The World Esports Association (WESA). An organization that has almost identical mission as IeSF does is The Global Esports Federation (GEF), which also partnered up with Tencent with an objective of creating esports regulations. At the moment, none of these organizations have gained any governing permissions to have the right of being an official authority for global esports supervision and regulation.

For the national degree, the situation isn't the same since the governance by numerous esports authorities is almost never the case. Despite that, the international governing remains questionable, so national regulators have varied preferences.

Best proof of that is how Australian Esports Association (AESA) focuses mainly on a goal of esports gaining acceptance of official sport in Australia. At the same time the British Esports Association (BESA) concentrates mostly on esports promotion and education for the wider masses. Both organizations accept their work and don't fight over their claims or level of authority but serve as national advocates of their nations. IeSF is trying to become the governing body by copying the regulators and authorities intended for traditional sports in a way of assembling representatives of a board of several members who focus on different interests and make shared conclusions. Also, IeSF wrote legislation on esports duties, regulations, and responsibilities for each of the members of the organization similarly like traditional sports organizations or, for example, Olympic committees.<sup>113</sup>

Also, several other organizations have a similar mission and purpose like the ones mentioned before, to promote all the activities of esports, and that also applies to the Finnish Esports Federation, which is also a member of IeSF.

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<sup>113</sup>Peng, Q.; Dickson, G.; Scelles, N.; Grix, J.; Brannagan, P.M. Esports Governance: Exploring Stakeholder Dynamics. *Sustainability* 2020, 12, 8270.; pages 9 and 10

With IeSF working on a shifting esports as a discipline and a sport that's exceeding languages, race and boundaries of culture, they also plan and coordinate international tournaments and unite ideas through summits.<sup>114</sup> IeSF also hosted the World Esports Championship in 2022 with a total of ten days of energetic tournaments with over 600 players who presented over 105 countries and that was also the first esports competition with that number of competitors displaying their country. The tournament also had a giant prize pool shared among winners of six disciplines.<sup>115</sup>

IeSF and GEF will both continue to strive to achieve their objectives which surely relate to presenting esports at large major and multisport events and entering the Olympic Games. It is notable that IeSF's Asian Confederation contributed to including esports in Asia Games in China, which was an exceptional step of making it a common sport at such a competition. IeSF's next goal is figuring out the next city for World Esports Championships in 2024, 2025 and 2026, while GEF is trying to focus more on partnership with the European Olympic Committees to work on additional sport development.<sup>116</sup>

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<sup>114</sup>Castellin, C. (2022). Esport bar in Finland: a feasibility study, page 4

<sup>115</sup> <https://www.prnewswire.com/news-releases/iesf-concludes-largest-and-most-diverse-world-esports-championships-301705919.html>, visited on 14.08.

<sup>116</sup> <https://gamesbids.com/eng/other-news/iesf-seeks-three-future-world-esports-championships-hosts-reflecting-rapid-growth-of-event-representing-gaming-community/>, visited on 15.08.

### 5.3 Case Study: Tencent Ltd

The international mega-corporation based in China, with a popular name of Tencent, was established back in 1998, when its main goal was working on AI and technology of information systems for enhancing entertainment systems. The company started with the QQ communication platform which was upgraded to today's main Chinese message app - WeChat, and thanks to initial funding the company was earning well. After putting its investments in the gaming field in 2008, it quickly became a worldwide gaming trade giant, in 2017 it also became a successful conglomerate and today it is known as one of the most pivotal brands. Nevertheless, they are present in several areas of business, which ranges from e-commerce to luxurious cars, among which they were the groundbreakers in the esports growth. It generally has an enormous impact on today's gaming as they bought famous developer company Riot Games and pursued a greater part of Epic Games' and Blizzard's share, but also began with their own game development. Overall Tencent made 24 fundings for the gaming and esports industry from its foundation.

As the corporation formerly published its revenue in 2019 which was around 13 billion dollars and from which 33% were made only from gaming. They were the first ones that were not only the advocates for esports and gaming, but they also managed to successfully maximize the profits of esports. A big part of their revenues is also from the esports game PUBG (Player Unknown Battlegrounds). This game along with Call of Duty and League of Legends makes around 23% of the revenue, while gaming and esports live events, broadcasting and streaming services create only 13% of it all - even though their global esports events such as League of Legends Championship and Honor of Kings KPL belong to the most watched PC and Smartphone events for that year.<sup>117</sup> Tencent's main asset was also combining their existing business models with digital tools and services in a way that the common gain can be spread among several platforms. The rapid growth of esports is especially evident in China from their dedication to the tech industry, as from 2000 up to 2016 there was an increase of internet cafés which largely contributed to the growth of esports as well (from 40 000 to more than 150 000) as they furnished the infrastructure and communities and a main spot for gamers.

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<sup>117</sup> Ho N.M. (2021.) Capitalizing on the future growth of the esports industry, Vaasan Ammattikorkeakoulu University of Applied Sciences – International Business. 62 pages pages 39, 40 and 45

From these cafés, esports progressively moved to sports stadiums and to online platforms. It is vital to say that China is an exception for its growth as it has an unique connection of the country and industries which are commanded by companies in China and that also applies to AI and esports, since they are fixed to the country's authority. An example is Tencent Sports, which was formerly a platform structure whose monetary worth was widened due to investments in the market of esports and all its related equities. Another platform that provided the first one's infrastructure is certainly the Chinese government itself. With the government deciding on most affairs, it also has a say on products and services life cycles and the same is with Chinese esports and video games.

The main drawback with esports and gaming in China was experienced through the ban issued by ministers in 2004, even though esports broadcast just started in 2003, the program was shut down and that's how esports' value was undeniably cut off, and in that way, it strayed from Korea's model which offered a TB broadcast at the time. China's following years weren't favorable, since esports content remained halted until 2016, and in that year the importance of digital technology, development of live streaming, VR, and mobile gaming, esports competitions on both global and state level and educational institutions embracing esports lectures was finally acknowledged and allowed by China with the ban of gaming content that negatively affected on either the state power or the principles of lifestyle. Some gaming products faced forbiddance too, and a great example is PUBG, which was banned in 2018 in China for being too gory, which shows China's government's insincere attitude towards esports.<sup>118</sup>

With the understanding of the country's regulations, Tencent still managed to be in touch with its customers in China and in the whole world by making online games free for players, which was a great move since they knew that players wanted the experience, they could afford but still enabled in-game purchase as well. A lot of esports games by Tencent generate their profits particularly from microtransactions and similar wares that are sold. That changed with the emergence of digital technologies where the gaming industry adapted the as-a-service model which is mainly based on subscription.

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<sup>118</sup> Zhao, Y., Lin, Z. (2020). Umbrella platform of Tencent eSports industry in China. *Journal of Cultural Economy*, 1–17., pages 6-8

Considering this alteration, the number of customers increased with the choice of what to pay for in the game, and Fortnite, which is a great case of that kind of game showed there was around 70% of players paying for in-game assets for circa 85\$. Tencent created several options for both startups and younger brands to enter the esports industry and the company's success draws attention from the society and governments, as the Chinese see Tencent's accomplishments as technological progress. With the company being advantageous in the sense of both personnel and their partners they created a special value, which is being recognized and approved by the government, which is a great example for other nations needing to solve their question of regulations. <sup>119</sup>

To understand Tencent's progression over the known limits of digital platforms, Tencent esports' variety is directed towards new technical assets and systems, for example new content distribution system, digital increase and making new contacts, also with new products, utilities and further advancements. Additionally, Tencent has its instructions on handling the technical performance of Tencent esports. As the state of government's decision making on anything going on has already been clarified, it is obvious that Tencent esports have the government monitor and permit, create, and allocate content for numerous leagues by continuously staying dominant in the Chinese industry of esports. Tencent clearly made that possible by filling the digital market with its own media in order to manipulate and stay the digital pioneer.

It could be said that the result always has two sides, one where market power and government are aligned and create an era of techno-nationalism, while Tencent esports effectively implements infrastructural incentives of the government with its data structures. For that reason, some of the professionals of the esports scene work on finding funding bodies to ally with the government with the goal of developing other alternatives to Tencent's esports platform. Ultimately, Tencent esports, which drives technological growth and media conglomeration has three conclusive stages - being administered by politics, motivated by synergism, and encouraged by the funding model. <sup>120</sup>

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<sup>119</sup> Ho N.M. (2021.) Capitalizing on the future growth of the esports industry, Vaasan Ammattikorkeakoulu University of Applied Sciences – International Business.; page 47 and 55

<sup>120</sup> Zhao, Y., Lin, Z. (2020). Umbrella platform of Tencent eSports industry in China. page 11-13

### 5.3.1 Tencent's Esports Hotel

As Tencent has been described as a technological giant and his large impact has been closely explained, this conglomerate managed to influence the tourism and hospitality aspect of esports as well. The first operating esports hotel aired in Taipei and the whole trend became even more captivating with the growing popularity of esports, after the pandemic in 2020, as these hotels offer rooms with additional esports and gaming amenities - multiple gaming PCs and gaming accessories. The hotels are categorized into two main sections, the ones where guests have all esports services in their rooms or other special zones of the hotel and regular hotels which offer standard and esports themed rooms.

With China having more than 400 million esports fans it is currently a perfect market for such hotels, and with the pandemic situation, they almost replaced internet, esports and gaming cafés, of which the most has been closed or shut down. The hotels reports in China state that by the end of 2023, there's going to be more than 20 000 esports hotels built there, with 11 000 being reached in 2022 (of which 36% are specialized in esports and the remaining 64% are regular ones with esports amenities). As these hotels already are niche-oriented, some have included similar themed additions - escape rooms, mystery murder games and similar entertainment targeted at Gen Z and Millennial generation.

Tencent offered another original and creative approach by creating an intelligent esports hotel - Jinge hotel, which they developed with Ounyu Technology, and which contains virtual human VEEGY giving instructions, hotel and esports related information for the hotel guests.<sup>121</sup> This Tencent-Ounyu hotel there is also A.I. staff who, by some, suggest more technological theme parks than bed and breakfast hotels.

This also affected the luxurious retail in a way that collabs were made to further popularize and investigate gaming platforms, avatar interactions and virtual hosts, so several brands like Nike partner with for example, League of Legends. It is clear that these trends will continue, but the time span in which they will reach Europe remains unknown, but some circumstances could possibly accelerate it.<sup>122</sup>

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<sup>121</sup> <https://nikopartners.com/the-rise-of-esports-hotels-in-asia/>, visited 20.08.

<sup>122</sup> <https://jingdaily.com/china-genz-esports-hotel-tencent-ouyu/>, visited 20.08.

## 5.4 Case Study: Twitch

Twitch.tv is the predominant online platform focused on esports as it combines several communication tools which are focused on either user-to-player, user-to-user, or user-to-community, while also creating possibilities for socialization. It is especially interesting to observe a study that was conducted to closely research the effect of COVID-19 on viewership on Twitch and to put pre-COVID times in contrast with COVID-19 time and after COVID habits of Twitch viewers considering how the boundaries made by medical system and stay-at-home regulations motivated Twitch consumers to watch even more.

The trend was also noticed in 2020 and 2021 Twitch reports which found significant growth.<sup>123</sup> It was found that the blend of need for entertainment and Twitch's collective community partaking opportunities helped in consumer self-esteem boost through esports groups and to create social relationships while the pandemic was still on its peak. Consequently, it was expressed that English speaking individuals aspired to connect with others with similar frame of mind and that's why they created a habit of Twitch streaming even after the pandemic, which was transparent in the user engagement increase too.<sup>124</sup>

Regardless, a period after COVID-19 saw Twitch decrease in watch times and streamers because of return to normal circumstances which led to returns to school and work. Even though numbers continue to shrink from 2022 to 2023 and count an average of 7.3 million actively streaming channels in comparison with the peak number during COVID-19 where it grew up to 9.9 million channels. Still, there is a sizable activity and viewership on Twitch (and to a lesser degree on YouTube Gaming), which shows that esports enthusiasts still catch up with fresh and latest esports content.<sup>125</sup> Twitch also financed its extension as the platform wanted to offer wider content choices that also apply to non-gaming content with an aim of maintaining and accelerating consumer engagement.

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<sup>123</sup> Crone J. P. (2022). The Impact of the COVID-19 Pandemic on Esports Viewership Trends. Dissertation, Georgia State University, pages vi and vii (from abstract).

<sup>124</sup> Ibidem, pages 46 and 47

<sup>125</sup> <https://influencermarketinghub.com/esports-stats/>, visited on 15.08.23.



The advantage of this platform is definitely being the first one in the Western market, but the company was purchased by Amazon in 2014 which led to some positive modifications to the existing interface and some monetization alterations - they introduced “bits” which are used by viewers as currency to purchase and with that they can finance their preferred streamers. It is likely that with additional internet infrastructure developments, growth markets will be triggered, with emphasis on markets of Middle East and Latin America which will keep Twitch in the leading position for streaming both console and PC games. <sup>126</sup>

The main challenge that Twitch TV faces seems to be related to expertise of advertising in gaming, which occurs with a slight absence of creativity and innovativeness which often leads to limitation of brand’s ability to form a perceptible and purposeful interaction with its consumers which then discredits the brand and influences negatively to the integrity of the brand. The study that was analyzing which problems led to this problem found that most of the Gen Z esports communities agree with Twitch involving brand commercials in its digital medium, as the ad content is easy to comprehend, is relatable and contains influencing and forming consumer impression. What is also found in the same article is that esports has a greater engagement and prospect with more prominent interactivity than other games that are offline and not as interactive.

Due to the nature of esports, brands can calculatedly place their digital ads in esports Twitch broadcasts and sponsorships, with a level of resonance and brand awareness being set through product promotion. Therefore, brand equity is additionally enriched by digital brand ads on Twitch with the audience and viewership rising because of the search for innovative approaches and human interaction in esports streams. What is more, brand equity is refined with brands showing sustenance to Twitch streamers which causes the audience to connect brands with value offerings and in exchange, viewers show their loyalty to numerous brands. The advertising style on Twitch seems to be a beneficial method that’s also bringing valid reasons, originality, and innovativeness into commercial communication of a brand with addition of personal experiences shared by streamers. <sup>127</sup>

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<sup>126</sup> Newzoo, Global Esports & Live Streaming Market Report, Key Trends, page 46

<sup>127</sup> Singh, A. (2022.) The rise of digital advertising in eSports: A case study on Twitch, A research report submitted in fulfilment of the requirements for the BA Honours in Strategic Brand Communication at the Independent Institute of Education: Vega School for Research, pages 45 - 47

## 5.5 Croatian Esports Marketing Agency Insight

The thorough analysis of the theoretical aspect of esports and connected industries has an even better context with the addition of case studies, but what is going to further enrich it is an in-depth interview. The purpose of this interview is to gain a better insight in esports, the relationship and correlation of esports, tourism and emerging technologies; on global and national level, from an individual with a long-term experience and understanding in this industry. The interview was done on Monday, 21<sup>st</sup> of August 2023 in Good Game Global office with the company's CEO Nikola Stolnik as an interviewee and the author of the thesis as an interviewer, it was done in English language. The interview consists of 10 questions of which 2 are used as introductory to get a better perception of who Nikola Stolnik is and what role he and his company currently have in esports industry and in Croatia. The main part of the interview consists of 3 multiple/single choice questions and 5 open ones. Overall, the interview lasted about 40 minutes and all the introductory and main questions were answered in detail.

The interviewee was effectively introduced to the concept of the interview structure through a series of well-crafted questions posed to them so that he had a clear understanding and expectations from the interview. When asked if he had any topic related questions in the start, he said he had none, so we began with the introductory questions which were:

- 1) Start by telling a little bit about yourself, how you got into esports and in what esports areas you are mostly knowledgeable about?
- 2) Now please, describe Good Game Global in a few sentences and also tell what the biggest connection is when compared with other esports companies and a biggest distinction too?

Nikola Stolnik introduced himself as the owner of Good Game Global, a local esports company from Croatia. He recalled his journey into esports, tracing back to late 90s and 00's when he and friends passionately played competitive video games like Call of Duty, Warcraft, and StarCraft in local web cafes and gaming arenas. This early love for gaming persisted as he immersed himself in following StarCraft 2 streams as an observer in 2010. The spark reignited in 2013 during his time at Google in Ireland when he participated in unique LoL tournaments organized by colleagues.

Inspired, he replicated the concept by organizing CS: GO and DOTA tournaments in his company, eventually drawing the interest of tech giants like Amazon, LinkedIn, and Facebook. This sequence of events laid the foundation for the "Good Game Zagreb" event after he returned to Zagreb. This marked his entry into esports on a more professional level. From a business perspective, he emphasized his expertise in business development, drawing from his prior experience in big tech, software, and game development. However, he observed a gap in the industry where enthusiastic individuals often lacked business acumen. This insight reinforced his belief in the infantile nature of the esports industry and the significance of strong business development within it.

When asked about Good Game Global (GG for short) and to analogize the company with other esports companies, he said that GG's unique positioning was in being self-made, as compared to other esports companies that were mostly created out of investment money, loans or via successful tech industry exits for people who fell in love for esports and had money sitting in their back pocket, so they wanted to try esports. He said that GG started completely anew and that he put all his savings into that one idea and was driven by the urgency to generate swift revenue to avoid a shutdown within three months.

He is proud of the company being self-sufficient and profitable from the very start and said that he has noticed sustainable growth in the past five years. GG's evolution saw it transform into a remarkably efficient esports agency, diversifying revenue streams into various value channels, which took some other companies a lot more time, even years, to figure out. Thanks to the company's flexibility and scalability, they swiftly translate knowledge into tangible concepts or products, typically within weeks or months, which is pure contrast to the industry norm. The ability to efficiently manage projects with substantial cash flow and earnings distinguishes GG, but he emphasized company is differentiating many services to multiple sectors such as: merchandising, event production, software production and content production and within multiple other areas of expertise which is bringing in constant revenue.

So with the introductory part presenting both the CEO of Good Game Global and sharing the company’s business model distinctions and values, the following questions were designed to relate to Good Game Global’s model, but were also directed towards main points of the thesis’ topics such as esports being connected to both to tourism and emerging technologies to see if the main idea of this thesis had any practical base and to see the level of importance of merging these industries together.

The following three tables show the question, multiple-choice/single-choice answers and the answers that were chosen are boldened with the following short elaboration on why those answers were favored ones. In the multiple-choice question, the interviewee was asked to choose two answers and shortly explain why they are the most relevant and important ones in his opinion.

Table 3: The rapid growth of collegiate and amateur esports effect on competitive esports

Question	Since the agency's focus is oriented more towards the rapid growth of collegiate and amateur esports, how do you think it affects competitive esports?
Multiple-choice answers	<p>a) <b>The collegiate and amateur esports have just broadened the talent pool, allowing more fresh faces to join the competitive scene more easily.</b></p> <p>b) The growth of these segments has generated bigger media attention, which helped legitimize esports and elevate its status to becoming more mainstream.</p> <p>c) Collegiate and amateur leagues provide their players with community support among players, encouraging a supportive ecosystem that promotes personal growth and skill development.</p> <p>d) By focusing on education and skill-building, collegiate and amateur competitions contribute to the overall improvement of player performance, contributing greatly to the boundaries of competitive gaming.</p> <p>e) <b>Collegiate and amateur leagues are a bridge between local communities and the broader esports industry and contribute to linking the support from regional and national fanbases which help in player visibility.</b></p> <p>f) Genuine interest in collegiate and amateur esports has led to greater investment in infrastructure, providing players with top-notch training facilities and resources and innovations in competition structure.</p>

Source: author of the thesis

Mr. Stolnik explained he found these two answers most relevant because collegiate and amateur esports badly needed esports in high institutions as it is usually in regular sports to form school and collegiate, neighborhood, academic leagues and to compete, which currently isn't the case.

He said that current environment isn't favorable for very skillful players who don't know how to sell themselves and don't know how to be visible, as those who do make only a scratch of the surface of how many good players there are, but they have no way of showing their skills, so he thinks that a much larger pool of collegiate and amateur esports is needed to direct its competitors into becoming the talent for regular leagues. He claims that the visibility opportunities that are presented by collegiate and amateur leagues also create communities of friends sharing a hobby they enjoy and include creation of new esports fanbases. In the following single-choice question suggested question, the interviewee was asked to choose only one answer he thinks is the most appropriate and fitting one in his opinion and explain why he chose it.

Table 4: Locating and choosing venue for esports event in Croatia

Question	If you had to organize an esports event anywhere in Croatia in spring/autumn period, focusing it both on locals and foreigners, with a decent budget, what would you think would have the best results? Please pick one of the suggested answers and shortly explain why.
Single-choice answer	a) the country capital - Zagreb with undefined venue <b>b) a city in the seaside, with an average stadium</b> c) a smaller city in continental Croatia with a great stadium d) I would organize this event in another country with undefined venue if had that as alternative option.

Source: author of the thesis

He explained that he chose this answer as he thought that the seasons of spring/autumn were very suitable: he specified that late spring or early autumn would be perfect for a very unique experience of such an event which would then attract both local and foreign esports fanbase.

The last is a multiple-choice question where the interviewee was asked to pick three emerging technologies from offered ones that he sees as most influential and crucial for the growth and the future of esports and to explain why he chose them among others.

Table 5: Emerging technologies important for the future of esports

Question	Pick three emerging technologies from the ones offered here that you see as most influential and crucial for the growth and the future of esports and explain why.
Multiple-choice answers	<b>a) AI</b> b) machine-learning c) VR d) blockchain <b>e) cloud technology</b> f) IoT, wearables g) 3D printing h) drones and robotics <b>i) 5G connectivity</b> j) robotic process automation (RPA) k) AR l) mobile technology

Source: author of the thesis

He chose AI as a definitive answer, cloud technology as the base for all the streaming, he event mentioned cloud AI, as something that would connect the first two answers and as a final choice he pointed out 5G connectivity, even though firstly he said that tournaments need a ground connection and can't rely only on 5G connectivity, what prevailed were new possibilities and concepts of events from very remote locations where one could easily watch a stream even from an isolated place like a castle when having a 5G router.

The other five questions were open type, which also means that interviewee had an option of answering shortly in few sentences or to describe something up to ten sentences or more if he wanted. The answers to the questions will be represented in the table, but in the form of bullet points and explained underneath each of the tables.

Table 6: Good Game Global's role in future growth of esports on global scale

Question	6) How do you envision the future growth of esports on a global scale, and what role does GG agency play in shaping that course?
Main points of the answer	<ul style="list-style-type: none"> <li>• esports industry experiencing consolidation; major players like Saudi Investment Group and Tencent acquiring smaller companies</li> <li>• five major players globally; 2016-2020 saw both rapid growth and failed start-ups</li> <li>• GG in Croatia, stands out as a top company in event creation and project management</li> <li>• industry needed a "purge" for credibility; GG successful in monetizing esports</li> <li>• esports currently facing stagnation due to profit-driven focus, lacking value for viewers</li> <li>• esports attracting traditional sports talent, potential for growth</li> <li>• GG maintains conservative yet successful projections; is known for professionalism and value contribution</li> <li>• emphasis on need for more talent, meaningful audience value; industry in constant learning mode</li> <li>• traditional sports expertise influx contributes to industry maturation and growth</li> <li>• GG is positioned strongly amidst industry chaos; exceeding expectations with professionalism and value delivery</li> <li>• GG ready to showcase contributions across Europe and solidify key player position in esports future</li> </ul>

Source: author of the thesis

Mr. Stolnik explained that the esports industry is currently undergoing consolidation, with major players like Saudi Investment Group and Chinese Tencent acquiring smaller studios and organizations (even though he pointed out he wasn't sure of the BLAST or EGL), but it is also known that Saudi bought ESL and Tencent has Riot Games. With having around five big players in the industry worldwide he claims that the golden age for start-ups was a period of rapid growth and failed start-ups from 2016 to 2020. The ones who didn't succeed were mostly the ones pumping money into esports or just turning a quick buck.

But he said that his company, Good Game Global, based in Croatia, is recognized as a top company in the region, particularly in event creation and project management, where in the media area of work, he thinks Relog is the number one. The speaker believes that the industry simply needed a "purge" to be taken more seriously and considers Good Game Global one of the successful companies in monetizing esports.

However, the industry is now in a phase of stagnation due to quick-profit seekers and lack of value to viewers. Esports is evolving and attracting talent from traditional sports, which he thinks could drive growth. Good Game Global's position in all the chaos is relying on their conservative yet successful projections, consistently meeting investor targets. The company is known for professionalism and value contribution, positioning it as a strong force in the European esports scene with a promising growth trajectory. Mr. Stolnik emphasizes the need for more talent and a focus on delivering meaningful value to the audience, indicating that the industry is in a constant state of learning and adaptation.

He highlights that the influx of expertise from traditional sports, including sponsorship, talent, and project management, is contributing to the industry's maturation. This recognition from traditional sports is expected to spur further growth. In all that chaos the industry is currently in, Good Game Global maintains its conservative approach to projections, consistently exceeding expectations with their commitment to professionalism and value delivery. The company is poised to showcase its contributions across Europe and solidify its position as a key player in esports in the future.



Table 7: The 2023 esports scene, is it in an unfavorable/beneficial phase and what changes that

Question	7) Some see the current 2023 scene of the esports business as slow and unfavorable, even though esports was hyped throughout the years. If that is so, what will pull esports out of this state and if not, why is it in a good current phase?
Main points of the answer	<ul style="list-style-type: none"> <li>• esports industry experiencing a transition with declining hype, which was mostly fueled by cryptocurrency investments</li> <li>• cryptocurrency enthusiasm embraced by many esports companies collapsed and those caused losses, but GG avoided them by sticking to their known path</li> <li>• esports suffered from overpromising and underachieving, driven by unrealistic projections</li> <li>• focus and goals shifted from value to numbers and viewership while brands and consumers were put aside</li> <li>• the value of esports athletes is in audience appeal and brand-building</li> <li>• unrealistic expectations need to disappear for authentic industry growth</li> <li>• esports won't match football's scale, but holds fundamental value as a genuine industry growth is envisioned in post-hype-driven phases</li> <li>• industry's future success depends on aligning with real values, moving beyond the rapid investment frenzy propagated by media</li> </ul>

Source: author of the thesis

Mr. Stolnik perceives the esports industry to be undergoing a transition marked by the hype in decline which was mostly fueled by cryptocurrency investments. The enthusiasm tied to cryptocurrencies, which many esports companies embraced, ultimately crumbled, resulting in loss for those involved. He firmly believes that cryptocurrencies are problematic and that his company, Good Game Global, avoided them from the outset, proving that it was right to just stick to what they knew and wanted, even though some others were making money from crypto at the time. The industry faced an overpromise-underachieve debacle, where unrealistic projections were made to attract quick venture capital funds.

According to him, a vortex of negative influences emerged, including venture capital pursuits, crypto conflicts, and excessive athlete expectations. The focus shifted from actual value to numbers and viewership, while brands and consumers were overlooked.

He emphasizes that esports athletes are valued based on their ability to draw audiences and build brands. He asserts that unrealistic expectations must dissipate for the industry to grow authentically. While esports won't match football's scale, it holds fundamental value that needs genuine recognition which is unburdened by fabricated statistics. He envisions a future for esports that, after the riddance of the hype-driven false starts, will allow for the industry's genuine worth to thrive. The industry's success, he explains, hinges on aligning with actual values and leaving the rapid investment frenzy behind, as it is just propagated by the media.

Table 8: Impact of esports on other industries, emerging technologies and tourism contribution to esports

Question	8) How do you perceive the impact of gamification and esports-inspired elements on various industries, can digital skills, fostering innovation, and harnessing emerging technologies to create dynamic user experiences also contribute to esports events in the form of tourist experience?
Main points of the answer	<ul style="list-style-type: none"> <li>• esports is a part of the broader entertainment industry, not just a tech-focused field</li> <li>• despite the 'e' prefix, he emphasizes colorful visuals, content, and personalities as the driving forces</li> <li>• niche technologies exist, like athlete mental state tracking and gaming equipment, tailored for esports</li> <li>• esports attracts individuals to digital and tech realms, acting as a gateway to tech careers</li> <li>• while offering niche tech solutions, esports doesn't greatly influence the broader technical market</li> <li>• strong link observed between esports and tourism, with cities like Cologne, Katowice, Berlin, Dallas, and Singapore drawing crowds due to their esports status</li> <li>• esports could be utilized by Croatian tourist destinations to attract visitors and integrate additional services, enhancing branding and communication strategies</li> </ul>

Source: author of the thesis

Mr. Stolnik distinguishes esports from being overly technical and instead places it within the broader entertainment industry, similar to traditional sports. Despite its 'e' prefix, he finds that colorful visuals, content, and personalities are the true driving forces, holding the highest value; as some people who rush in the industry see it as tech-driven. While technologies being developed deliberately for esports exist, such as esports athlete mental state tracking and specialized gaming equipment, he views esports' role as niche within tech. He acknowledges that esports attracts people to the digital and tech realms, especially those who initially enjoyed video games and later transitioned into programming. This positions esports as a gateway for young individuals to enter the tech field. Although he sees esports as offering niche tech solutions, he doesn't perceive it significantly impacting the broader technical market.

On another note, the interviewee identifies the strong connection between esports and the tourism industry. Cities like Cologne, Katowice, Berlin in Europe, Dallas in the US, and Singapore in Asia, draw large crowds due to their status as esports hubs. He suggests that established tourist destinations in Croatia could leverage esports to attract visitors, bridging into regular vacation stays and additional services, potentially becoming a distinguishing factor in their branding and communication strategies.

Table 9: Key challenges and opportunities for esports in Croatia and comparison with other countries

Question	9) Could you share some insights into the key challenges and opportunities you've encountered while fostering the esports scene in Croatia and do you feel like other countries face the same?
Main points of the answer	<ul style="list-style-type: none"> <li>• interviewee's journey in esports began as a hobby without industry awareness or knowledge</li> <li>• prior career allowed for gradual growth and learning by pursuing esports alongside working in a game development company</li> <li>• while experience and learning were beneficial, founding the company required starting from scratch</li> <li>• launching in Croatia brought integration benefits due to its small industry and familiarity among peers but also due to vocal engagement in the industry</li> <li>• Croatia's limitations became apparent, with minimal room for growth beyond its small market</li> </ul>

	<ul style="list-style-type: none"> <li>• testing concepts in Croatia served as a valuable learning ground due to similarities with Western markets</li> <li>• GG leverages its quality and value proposition for Western markets even if local agencies exist</li> <li>• starting in a smaller market like Croatia facilitates testing and learning, acknowledging scalability limitations compared to larger markets</li> </ul>
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Source: author of the thesis

Mr. Stolnik reflected on his journey into esports, saying it started as a hobby without industry awareness, knowing it was an industry or knowing what he doesn't know. Due to his earlier career choices, he was allowed for gradual growth and learning, initially pursuing esports with having a job as chief marketing officer for a huge game-development aside. His prior experience and years of learning were beneficial, but founding the company required starting from scratch when it comes to learning. Launching in Croatia provided integration benefits due to its small industry and familiarity among peers, especially if an individual was recognized by the decision-makers in the industry as opposed to starting in Berlin, New York, or other bigger location.

While swift establishment in Croatia was possible, especially due to interviewee being very vocal about gaming and esports from the day one, country's limitations became apparent (really quick) – there was limited room for growth and expansion beyond its small market. He claims that one needs to be present locally in other markets because almost every market has its own esports agency, which makes it hard to overtake them as they often know each other internally. Starting locally enabled Good Game Global to test concepts efficiently, leveraging Croatia as a 'Petri dish.' The similarities between the Croatian and Western markets facilitated learning, making it an ideal learning ground. The company can now offer services to Western markets, even if local agencies exist, as Good Game Global emphasizes higher value and quality, rather than lower place, which is frequently the case with others. Despite its advantages, Croatia's confined market size prevents direct comparison with larger markets that have distinct standards and specifications. In essence, he highlights the importance of starting in a smaller market like Croatia for initial testing and learning, while acknowledging the limitations in terms of scalability compared to more expansive markets.

Table 10: Croatia’s ability to use tourism potential for developing esports and including emerging technologies

Question	Can Croatia successfully connect its tourism potential and incorporate esports along with emerging technology, and what steps do you believe are crucial for achieving this synergy?
Main points of the answer	<ul style="list-style-type: none"> <li>• emerging technologies aren't essential for esports according to the interviewee, but could serve as trendy attractions for tourism</li> <li>• drawing a parallel to Ultra Europe festival's impact, he sees the value of offering tech-oriented activities to attract crowds</li> <li>• interviewee believes in esports opportunities, like impactful projects in Croatia could appeal to younger generations and leave a lasting impression</li> <li>• he suggests linking esports opportunities to tourism and emphasizes the positive image it can create for the country</li> <li>• while he acknowledges esports might not drive technological advancements directly, it could spark interest in tech innovation</li> <li>• In response to a question about technology integration, he agrees that technology could be used as a side attraction, appealing to tech enthusiasts, and enhancing event experiences</li> </ul>

Source: author of the thesis

Mr. Stolnik said that he doesn’t really see incorporating emerging technologies as needed for esports, but only as a very trendy activity to offer in a touristic sense. He compared it to Ultra Europe which is an intelligent dance music (IDM) festival, where everything is digital, electronic, and futuristic and thinks it’s beneficial in attracting around fifty thousand people per year, as it is massive. He thinks that positively affects local marketplace of Split, Split County and Croatia altogether due to its great branding which results in people talking about Croatia just because of this festival.

He emphasizes that esports opportunities are of similar nature to the mentioned one, where if Good Game Global would establish one or two big projects in esports per year in Croatia, of course that would add a large checkmark in the heads of generations Alpha and Z, in terms of which countries they visited and have a positive experience. He claims that that can be successfully done and that esports opportunities can be linked to ones in tourism and sees it more as it “should” be done, than “could” be done.

He indicated that it should be communicated that esports is one of very positives in Croatia and to make sure at least one big event per year is established in the country. He believes that while esports won't directly drive technological advancements, it could spark interest in tech and inspire individuals to create innovative solutions. This is also the first time in the interview where the interviewer interrupted the interviewee saying that it wasn't really priorly explained on how it was evisioned for the emerging technology to be included, and then the question was rephrased for technology, and the interviewee was asked if he sees this technology taking place in an esports event as a side attraction, with a booth or something similar. Mr. Stolnik agreed that in that context, technology could attract tech enthusiasts and be an upsell tool for the event as it can be a nice showcase for a premium event.

When finalizing the interview, the interviewee was asked if he had something he would wish to ask or add after hearing my questions, he concluded that all the questions were comprehensive, so he had nothing else to add.

## 5.6 Analysis and Critical Discussion

When looking at all the case studies together it is impossible to draw any general conclusions, as each and every case has a specific company/organization with unique background, current environment, goals and other elements; which makes it even harder to compare it to the insight of the agency in Croatia, as that is literally comparing a start-up company to key player companies or big and well-known names in the whole esports industry. Despite that, some of the outcomes of each case study and agency insight can be presented as a form of conclusion, because they greatly influenced the current state in which each of the companies currently finds itself and can be useful for comparison depending on the size of a company, market, life cycle of the company and so on.

For ESL it could be said that they had a long-term experience in the industry from the very beginning and were the first association to most people when mentioning esports, but they also did a great job managing a high-risk pandemic situation where they got even better results because they quickly found their way to adapt and how to reach their target audience successfully by offering newly developed digital products and rearranging their events. They also focused on technology advancement in general and nourishing crucial strategic partnerships which surpassed the results of the pre-pandemic period and popularized esports for the wider audience. By devoting themselves to global exclusives and focusing on several revenue techniques such as B2C monetization, upselling and cross-selling while also taking care of the main sponsors and making efforts for stronger media rights.

On the other hand, IeSF is presenting and marketing itself as the main governing body for the industry of esports, which isn't the most effective since some other organizations claim the same for themselves. The organization is accepted and recognized as a governing body for esports on global level by 60 countries of the national organizations (on state level), while some countries find other organizations the main and global governing body in esports. IeSF managed to organize some events containing a big number of different nations worldwide, with their status of the governing body remaining unclear and unrecognized by everyone else in the industry. They strive to make esports an official sport and recognized even as a part of the Olympics.

They want esports to surpass the boundaries of language race and culture and lead championship on international level in order to unify common ideas. Tencent has a unique story being part of the Chinese growing economy where because it was tech – driven in just right period and while also being continuously supported by the government. Its success can be accounted for in the growth of their digital products and tools and combining multiple business model platforms.

Evident growth was seen in their devotion to the tech industry for which internet cafés were the first form of contributing to the esports industry. With esports' quick move to sport stadiums and online platforms, Tencent had the approval to grow for AI and esports niches. Tencent's expansion over the limits of digital platforms, assets, digital increase, new contacts, and products, made it grow to the point it could stay the digital pioneer, as Tencent esports has been approved by the government and therefore, staying dominant in Chinese esports wasn't a problem since they had their own media as well.

Twitch.TV is the world's most famous and dominant platform in esports and what makes it stand out is its offering tools for user interactions. During the pandemic, its viewership exploded due to lockdowns and the need for entertainment and social connections. This trend continued after the pandemic, with English-speaking users forming habits and engagement over time. Despite a post-pandemic viewership decline, Twitch remained a hub for accessing the latest esports content up to today.

It could be said that the platform expanded beyond gaming and with Amazon's acquisition in 2014, had several innovations introduced like "bits" for viewer support to their favorite streamer. Twitch was requested to address the challenges of game-related advertising which mostly referred to absence of creativity. It was clear that their target audience – Gen Z wanted communities in esports which are on the same wavelength as they are and exist as convincing brand commercials. They needed Twitch to be interactive and for brands to contribute to audience loyalty by including innovative advertising which can easily adapt to interactive essence of esports.



Finally in the insight of Croatian esports agency Good Game Global we've learned not only about the company, but also how does an esports company perceive touristic opportunities and ability to embrace emerging technology in form of trends, physical products, or additional services. With the company's continuous sources and ways of generating income and monetizing esports services that are well-done in context of production and content creation, they succeed in attracting new fans of esports locally. Another reason for generating value is in knowledge of managing such a business, knowing the industry, but mostly understanding that esports is a long - term investment and learning from testing several products in a smaller market with a goal of scaling the business up to reach regional level and accordingly grow even more.

## 6. Conclusion

Finally, this thesis thoroughly described the esports industry in a general sense by introducing it as an essential part of gaming by showing significant growth in performance, viewership, popularity, and its important role in trends of digital economy, tech emergence and being the perfect fit for driving new touristic types. It is clear that this kind of event is recognized for its championships containing several exciting and dynamic tournaments with the atmosphere and tension that is often seen in traditional/regular sports, targeted mostly to gamers and tech enthusiasts. The challenges of managing an esports event were explained through the need to be oriented towards digital advancements and having premium and high-value sponsorships. What esports organizers need to think about parallelly is the event staff and esports teams' visit requirements such as their accommodation, travel schedule and other hospitality needs. Whereas technology in esports comes as useful in enhancing the visitor experience both in live and online events by implementing IT infrastructure and knowledge management systems which would be used for boosting productivity and bringing the whole company to a higher level in the business context by storing data and collecting valuable information on the origin of the breakthrough of the company, single event or the entire esports field.

The popularity of esports is evident, especially in the recent period as most of industries that survived the pandemic crises successfully adjusted to digital tools, services and forms of business that rely on remote or hybrid models. Even though South-Pacific-Asia and North America remain as main big markets for esports, both Europe and Latin-America are slowly seeing room for organizing esports events as there is striking growth demand. Even though esports doesn't meet all the elements of the traditional sports it does mirror some of the business roles, as fanbases are being targeted by clever sponsorships and the right media exposure which helps in growing communities on local, regional and national levels. Some esports organizations see the value of esports in being established similar to sports, while others focus more on creating an appealing service or product, especially to younger audiences. Esports aims to stay modern, digital direction of entertainment that could function even in the high-risk environments by having the right business knowledge of staying effective and profitable in unfavorable situations. This makes it a sustainable industry, as esports isn't affected by negative external factors as it can always transfer to online streaming digital form.

The practical performance of esports events was stated through several figures of business models, structures and proposed theoretical aspects in esports which have proved that with the right inclusion of valuable stakeholders, goals can be met. Esports companies have to orient themselves towards successful teams (particularly on professional gamers and highly watched streamers), game publishers who are pushing and innovating the gaming industry, streaming platforms with substantial audience and creating environment for esports events using high quality digital and physical products and by establishing well known tournament and professional and semi-professional leagues. With all the esports industry's key players popularizing esports the industry was also filled with less-known names, where only the flexible countries with long-term goals and ability to change quickly, stayed profitable. All the companies had to make risks and step into bringing innovation to thrive and launch the right product which targets the right customer.

Croatia embracing esports as its touristic product is the true way of its development with an emphasis on a tech-oriented approach, as it is a great location for young people to travel and purchase additional tourist services, while it still has the digital appeal through establishing good looks of the event in an online form as well. The industry has a wide choice of opportunities that may help the country flourish as a destination by promoting several tech-unicorn companies presenting emerging technologies and by using it as a tool for increase in creativity and in knowledge of the tech field. Both advancements in tourism and in tech field could further modernize Croatia as a tourist destination, but also as one of the most interesting tech centers in Europe.

All in all, despite the noteworthy value being the main character of the esports industry, companies need to adapt to digital and global scaling and try to successfully manage any challenges, risk, or barrier by constant education and decision-making oriented towards long term goals, being aware of the esports trends and future directions its heading to. Esports is a suitable industry for companies who have highly educated personnel who can perform extraordinary events and showcase the atmosphere and energy by bringing that unique experience to visitors and viewers online, to both esports/gaming enthusiasts and occasional viewers. With esports including tourism and tech, a win-win situation can be achieved with certainty for both the esports company and all its stakeholders, partners, and participants.

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## Appendices

### Interview form and questions

#### Introduction

- 1) Start by telling a little bit about yourself, how you got into esports and in what esports areas you are mostly knowledgeable about?
  - 2) Now please, describe Good Game Global in a few sentences and also tell what the biggest connection is when compared with other esports companies and a biggest distinction too?
- 

#### Main - Suggested questions

- 1) Please choose up to 2 answers and shortly explain why they are the most relevant and important ones in your opinion. Since the agency's focus is oriented more towards the rapid growth of collegiate and amateur esports, how do you think it affects competitive esports? .
  - a) The collegiate and amateur esports have just broadened the talent pool, allowing more fresh faces to join the competitive scene more easily.
  - b) The growth of these segments has generated bigger media attention, which helped legitimize esports and elevate its status to becoming more mainstream.
  - c) Collegiate and amateur leagues provide their players with community support among players, encouraging a supportive ecosystem that promotes personal growth and skill development.
  - d) By focusing on education and skill-building, collegiate and amateur competitions contribute to the overall improvement of player performance, contributing greatly to the boundaries of competitive gaming.
  - e) Collegiate and amateur leagues are a bridge between local communities and the broader esports industry and contribute to linking the support from regional and national fanbases which help in player visibility.
  - f) Genuine interest in collegiate and amateur esports has led to greater investment in infrastructure, providing players with top-notch training facilities and resources and innovations in competition structure.

2) If you had to organize an esports event anywhere in Croatia in spring/autumn period, focusing it both on locals and foreigners, with a decent budget, what would you think would have the best results? Please pick one of the suggested answers and shortly explain why.

a) the country capital - Zagreb with undefined venue

b) a city in the seaside, with an average stadium

c) a smaller city in continental Croatia with a great stadium

d) I would organize this event in another country with undefined venue if had that as alternative option

3) Pick three emerging technologies from the ones offered here that you see as most influential and crucial for the growth and the future of esports and explain why.

a) AI b) machine-learning c)VR d) blockchain e) cloud technology f) IoT, wearables g) 3D printing h) drones and robotics i) 5G connectivity j) robotic process automation (RPA) k)AR l) mobile technology

Main - Open question type

6) How do you envision the future growth of esports on a global scale, and what role does Good Game Global agency play in shaping that course?

7) Some see the current 2023 scene of the esports business as slow and unfavorable, even though esports was hyped throughout the years. If that is so, what will pull esports out of this state and if not, why is it in a good current phase?

8) How do you perceive the impact of gamification and esports-inspired elements on various industries, can digital skills, fostering innovation, and harnessing emerging technologies to create dynamic user experiences also contribute to esports events in the form of tourist experience?

9) Could you share some insights into the key challenges and opportunities you've encountered while fostering the esports scene in Croatia and do you feel like other countries face the same?

10) Can Croatia successfully connect its tourism potential and incorporate esports along with emerging technology, and what steps do you believe are crucial for achieving this synergy?

Ending

That was all the questions I had for this time. Do you have something you wish to ask or add, after hearing my questions?

# Curriculum vitae

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## LEA POPOVIĆ

Graduate student of managerial informatics

I would introduce myself as a student, who at the same time - leans towards the field of tourism and hotel management, communication, working with people and speaking foreign languages, but is also passionate about IT management; new technologies, digitization, logical thinking and solving problems in a creative way.

### Education

8/11/2021 – now  
GRADUATE STUDY OF MANAGERIAL INFORMATICS IN ENGLISH

• Area of interest: E-business, ICT management, data management, CRM, BPM, cyber security, brand management

University of Zagreb,  
Faculty of Economics

2/10/2017 – 26/7/2021  
UNDERGRADUATE STUDY OF MANAGEMENT IN HOSPITALITY

• Area of interest: economics, tourism, hospitality, revenue management, management, marketing, entrepreneurship, foreign languages

University of Rijeka,  
Faculty of Tourism and Hospitality  
Management

### Work Experience

Student contract

Office Assistant      Good Game Global, Zagreb  
october 3rd, 2022 - now

- Office:
  - Procurement of office supplies, taking care of office cleanliness
  - Sorting, checking, printing and scanning various administrative documents
  - Receiving, preparing and sending shipments
    - Merchandise Web-Shop:
  - Procurement and continuous communication with supplier partners
  - Creation of invoices for customers according to the ordered products and delivery price
  - Packing customer orders and preparation for sending to customers addresses
    - Customer support:
  - Providing information and answering to product related questions about the size, availability and characteristics of the product, support in the process of ordering, delivery, availability and correctness of the certain product

