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Diploma Thesis

Esport and Team Management

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Objectives of thesis

The main objective of the study is to evaluate the potential of managing Esports teams and its economics how the trend shifted over the years in game preferences, viewership, price money, contracts. The study will compare the most important Esports organizations and how they are managed with comparison to current popular sports, such as tennis, football.

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Theoretical part: introduction, body, history, contract review analysis, and conclusion.

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The study will use interviews to understand the public opinion of the phenomenon called Esports.

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A Newborn Business: Esports, Zoltan Andrejkovics (Author), 2018
Esports Funding Guide: How esports teams, organizations and sports clubs can create solid, profitable revenue streams to secure the operation and development of their esports activities, Martin Fritzen, 2019
How To Be a Professional Gamer: An eSports Guide to League of Legends, Fnatic Esport, 2016 organization,
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This is esports, Paul Chaloner, 2018
Understanding Esports: An Introduction to the Global Phenomenon, Ryan Rogers, 2019
ZONIC – The Astralis Story: eSports' incredible journey from dingy basements to sold-out arenas, Danny Sørensen, 2020

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Declaration

I declare that I have worked on my diploma thesis titled " Esport and Team Management" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

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Esport and Team Management

Abstract

The research work will observe and study the phenomenon called 'Esports' and will seek to provide a perspective on the subject while remaining true to the facts that have been published. The research work presenting the theoretical part will bring the reader closer to the topic. Esport is a new trend, so the study will have a brief explanation of the topic, definition, history, organizations involved and a general perspective on the topic, "esport", this information will be key to understanding the new trend. The study emphasizes the topics of assistance, monitoring events from the perspective of organizational structure, professional teams, broadcasting, the audience was identified as keywords, due to their importance and relationships to this information. The aim of the research work is to perform an analysis based on the monitored data and to make a valuable statement about the new trend and its longevity. Will it disappear with time? Has 'esport' reached its peak? The research paper will answer questions based on the published data, as it is the basis of the final opinion on the dissertation "Development and growth of Esports"

Keywords: Esports, Live broadcast, viewer, professional computer player (progamer), ESL, Counter Strike: Global Offensive, StarCraft, League of Legends, twitch.tv, Valve, management.

ESport a Týmový Management

Abstrakt

Výzkumné práce bude pozorovat a studovat fenomén nazvaný 'Esports' a bude se snažit poskytnout perspektivu na toto téma a zároveň zůstat věrná skutečnostem, které byli zveřejněny. Výzkumná práce uvádějící teoretickou část přiblíží čtenáře k tématu. Esport je nový trend, proto studie bude mít stručné vysvětlení k tématu, definice, historii, zapojené organizace a obecnou perspektivu k tematu, "esport", tyto informace budou klíčem k pochopení nového trendu. Studie klade důraz na témata pomoci, sledováním událostí z pohledu organizacni struktury, profesionální týmy, vysílání, publikum bylo označeno za klíčová slova, vzhledem k jejich významu a vztahům k těmto informacim. Cílem výzkumné práce je provést analýzu založenou na sledovaných datech a učinit cenné prohlášení o novém trendu a jeho dlouhověkosti. Zmizí s časem? Dosáhl ,esport' svého vrcholu? Výzkumný papír zodpoví otázky založené na zveřejněných údajích, jelikož je základem závěrečného stanoviska k disertační práci "Rozvoj a růst společnosti Esports"

Klíčová slova: Esports, Živé vysílání, divák, profesionální počítačový hráč (progamer), ESL, Counter Strike: Global Offensive, StarCraft, League of Legends, twitch.tv, Valve, management.

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1. Introduction

In this chapter, you will be introduced to this master's thesis. First, there will be some background information about the topic followed by the formulated research questions. At the end of this chapter, I will also outline the further structure of this master's thesis.

ESports or electronic sports is a form of competition using video games as a platform. Mostly, eSports takes the form of organized, multiplayer video game competitions between professional players. Formally eSports is defined as: "an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technology." (Wagner, 2007, p. 182). There has been a long-time debate whether eSports is a sport or whether it fits within the definition of sport (Jenny, Manning, Keiper, & Olrich, 2016). But Wagner (2007) asserts that eSports should be viewed as a form of sports drawing on Tiedemann's (2004) definition of sport. Chalmet writes that gaming in modern society is still being poorly perceived and not openly recognised as a sport (Chalmet, 2015). By many parents and adults, it is considered as a 'waste of time and potential'. Certain media stations even blamed games for the rise in violent youth behaviour. These oppositional views of computer gaming as something 'bad' and a 'sport' as something good, makes the field of eSports a very interesting phenomenon to study (Thiborg, 2009). The most important factor in Sports is the passion of several actors. The obsession of players, tournament organisers, investors and mostly the fans makes sports a unique market. This is not different within the world of competitive gaming. There are strong emotions involved with professional gamers, which results in committed fans who either spend money or a part of their time and attention to follow these players (Li, 2016). While eSports had some investments, the contribution of sponsorship within many actors is essential and is located in the middle of the economic model (Bouaoui, 2016). According to SuperData Research, the worldwide eSports revenue in 2017 was 1.5 billion US dollars (SuperData Research, 2017). According to them this will increase to \$1.9 billion US dollars in 2020 and will further increase to 2.3 billion US dollars in 2022. The global eSports industry will grow 26% by 2020 as it attracts a more mainstream audience. Approximately 50% of the \$1.5 billion comes from investments and 35% comes from sponsorships and advertisements. Big video game companies like Blizzard, Activision, Riot Games and Valve continue to support their eSports titles with player franchising agreements and larger prize pools. However, in 2017 also a number of high profile sports organizations seems to have found its ways into the world of eSports. Advertisers and brands like The Kraft Group and Mercedes-Benz are among the most notable with several other sports teams and brands making financial commitments (SuperData

Research, 2017). According to Heuvel not many companies seem to have found a way in sponsoring esports. Today it is mostly computer and hardware companies that are involved in esports. “Games bring innovation to tech and consumer business models, as well as the ability to engage with and actively involve the younger generations.” (Heuvel, 2016, p. 3). However, the most striking aspect of esports for marketers is not its unprecedented growth and global presence. It comes from the nature of value that consumers seek through their engagement with competitive computer gaming. Being fully emerged at the dawn of the twenty-first century, the market for esports involves almost no physical products and only a few services (e.g. computer-game subscriptions, TV airing of computer-game events). Instead, what is valued the most by esports consumers is the experience associated with this form of consumption, co-created within the value network of marketing actors (Seo, 2013).

2. Objectives and Methodology

2.1 Objectives

The main objective of the study is to evaluate the potential of managing Esports teams and its economics how the trend shifted over the years in game preferences, viewership, price money, contracts. The study will compare the most important Esports organizations and how they are managed with comparison to current popular sports, such as tennis, football.

2.2 Methodology

Theoretical part: introduction, body, history, contract review analysis, and conclusion.

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The study will use Documentary analysis to compare the change and shifts in trends.

The study will use interviews to understand the public opinion of the phenomenon called Esports.

3. Literature Review

3.1 The Development and Growth of Esports

3.1.1 Definition of Esports and its first experiments

Before talking about esports, it is necessary to study the phenomenon from which these have developed, giving rise to one of the most profitable markets of the last fifty years: that of video games. The definition of “Video Game” is not unique, and often differs in some minor aspects; what I personally consider the most exhaustive is “multimedia work interactive, that is an authorial cultural product, which is expressed through a specific interactive form using one or more expressive means "(T.L.Taylor; Raising the Stakes: E-Sports and the Professionalization of Computer Gaming)"

The concept of playing video games professionally, might have just started on 19th of October, 1972. Competitors gathered at Stanford Artificial Intelligence Lab in Los Altos, California in a combat game called, ‘Spacewar’ for a more limited audience (at least initially), The first video game to be considered as such. Developed in 1962 by Steve Russel and the Tech student group Model Railroad Club (model train collectors group) of MIT, this video game also has the particularity of being a multiplayer title. The aim of the game is simple: the player controls a spaceship space via the specially built controller, and its purpose is to destroy the opponent's spacecraft. Although the times are still unripe, Spacewar! it already introduces what today is one of the problems main game designers: the balance between gameplay and realism. Self in fact the game itself was not complex, in subsequent modifications made to this, the designers have introduced some factors (such as example the gravity of celestial bodies and the possibility of making jumps dimensional) that have affected the gaming experience of users, frustrating game strategies and relying heavily on randomness. Spacewar !, thanks to its graphic rendering, the simulated world and the rules regulations that characterize it, can therefore be considered the first real video game. However, the real esports would have grown in popularity in 1980, when Atari (Video game company) hosted a tournament, where over ten thousand competitors joined and only one would come as victorious (Atari, 1980). In 1998, Blizzard Entertainment released Starcraft Brood War, (“Brood War” further in the text) a game which 14 years later remains a reference in the world of esports. As a real time strategy game (RTS) requiring the strategic and tactical skills of a chess player combined with the execution speed of a piano virtuoso, this “easy to

pick-up and learn, however impossible to master” franchise offered new spectating and entertainment possibilities, a point of particular interest to major sponsors looking to invest after the opening of the telecoms market in South Korea. This led to the creation of the OS league, (OSL) an tournament live streamed on twitch and cable TV nationally, offering the players both tournament winnings and fame to a point which no one could have imagined before. This tournament organise was a key factor to the foundation of highly competitive games and well organised, managing team training houses where players, now with salaries and are recruited full time, to improve their capacities and skills from morning to evening in structured ways and under the supervision of various managers and coaches. The pro players became recognized athletes in Korea, massing up thousands of fans be it live, in front of their television or via Internet live streams. Still today. The concept of playing professionally video games has been a controversial topic since the very beginning of this phenomenon. Esports is a rapidly growing community, both in size and consumption. But what is esports, the study believes that there is indeed a need for a brief explanation of the phenomenon called esports, since the actual awareness doesn’t have to appear optimal. Esports (Electronic Sports), is a sport where individuals or teams play a certain type of video games against each other for a large prize of money. In the later years the phenomenon of esports can be found in all sorts of consoles and Personal Computers, nowadays there are hundreds of competitions running every month. Esports grew from small local pinball tournaments to tournaments with over fifty thousand fans on stage and a million of concurrent viewership through the internet. This is just a brief explanation of esports, further explanation of the hearth of the problem will be given. A deeper understanding of esports will be brought through the later chapters, as a common definition is not easily done, as for some eSport is unheard of. Nevertheless, with the brief explanation given, a state of problem of this research paper is given.



Figure 1: Spacewar tournament, 1980

Source:(<https://s3.amazonaws.com/>)

3.1.2 **Players and a team environment**

Teams and players are the pure core resource for tournament organizers. (Raising the Stakes) Professional Players that are part of an organization or an esports club/team have contracts as professional athletes, which at the highest level could be compared to normal sports teams where they will pay salary to the players. Players are nowadays looked as athletes, they do receive an athletic visa, to travel overseas in order to compete in different leagues and competitions. Players contracts, like in normal sports (football) are bought and sold at the end of each season (end of season, usually the contract expires), so it can happen that a Chinese pro player will be in an American team. This opens up new opportunities for people especially from harder environments, like China. It makes esports look professional and should be taken in a serious account. In many cases esports clubs or teams live in the same house, which is provided by the organisations. It helps to build up team play and it is usually used for teams with younger players, to help them with their studies and psychological problems which comes with high pressure and stressors, since these players are in the highlights of millions of people. (Raising the Stakes) This is mostly used for games like League of Legends and Dota2, since those games are more team demanding and also because as said earlier, lower age of a playerbase. In more cases, especially in FPS games it is more common for teams to prepare boot camps where the specific team will live in the same place for a month or less before large tournaments take place such as PGL 2017 (Counter Strike). Teams will usually cover the expenses for travelling to tournaments and take small part of the tournament earnings as well, in some cases the sponsors pay everything and the team takes all the prize money instead of giving some part to the organisation, this has been especially the case lately, when big Sports club started to acquire e-sport teams. In many cases, depending on the popularity of the player, teams might require their players to stream live their public games to a live audience on twitch.tv, they would play using team overlays for the streams to increase visibility for their sponsors and their own organisations. (RedEye, Talking esports 2015) It is common in esports for players to change teams often especially after big events and not achieving specific goals. For example, after international 3 only few teams stayed the same they were before the tournament and others changed a lot of their players or disbanded completely. Dota 2 and League of Legends are games where changes happen every month, adjusting statistics of specific characters, changing the price of items and many other factors that affect the gameplay of the game. This can lead to a change in performance for players, therefore to stay at the highest level is very stressful. Stress is a big factor especially for

players of a young age (League of Legends, Dota2), it can divide teams and ruin morale, that is why it is a common event to change players and teams. Selling contracts between organisations can be very profitable, for example a Korean player called Faker his contract has been estimated at 2.5 million of dollars (EsportObserver.com , 2016)Competitive gaming has become a new entertainment in which the kid can compete and become a world superstar. Competitive gaming has become a valuable career path under the right guidance and right mentality.

3.1.3 Typology of Esport

To date, there are hundreds of video games that make up the e-sports landscape. To simplify such a complex and varied phenomenon, it is possible to use specific macro categories:

- Real Time Strategy Game: Strategy video games where action is not split into shifts like traditional wargames, but it flows in a way continuous, leaving players to take action at any time. The strategy terminology of so called context is a reference to the fact that the player controls entire armies and not individual units or characters.
- MOBA (Multiplayer Online Battle Arena): a subcategory of Real Time Strategy Game. In a closed map, two teams, nestled in their own bases (which count several buildings and the headquarters), have the goal of destroying the opponent's headquarters and preserving the own
- FPS (First Person Shooter): video games focused on the gun and others weapons-based combat in a first-person perspective: the player experiences the action through the eyes of the protagonist.
- Battle Royale: a genre of video game that mixes survival and exploration. A large number of players compete in this category of games. It starts with minimal equipment with the aim of looking for weapons and armor and eliminating all other opponents while avoiding being trapped outside a shrinking safe area. The winner is the last competitor in the game.
- Fighting Games: video games where the main purpose is to face enemies in various types of wrestling matches, both with bare hands and through the use of melee weapons.

- Strategy Card Game: type of video game, usually played online, which emulates real card games, but sometimes replacing real icons with other avatar symbols.
- Sports Game: games that simulate traditional sports, but only with online competition.

3.2 Tournaments, Events, Celebrities and its Audience and Overall Organization of Esports

3.2.1 Esport Organizations / Teams

Professional teams are considered a macro organization divided into specific subclasses. Each division works under the common brand of the company and yes specializes in a game. Whoever is the head of the association deals with sponsors and brand management. So an esports company can have and manage multiple teams, each of which specializes in competing in a specific game. As an example a football club, Juventus, had more teams competing in football, basketball, volleyball etc.

This allows a reduction of the risk, diversifying it. When a team does structure, incorporates teams of different games and can become a company. Sells merchandise, he is able to register his athletes, he works a lot on social media and on influencer. Managers, coaches of the various phases of the game, match analysts and talent scouts who go in search of the most promising young people. The best esports teams are already structured according to the model of traditional sports clubs. Their definition for this type of company, which in the world comes to have turnover millionaires like the American team Cloud9, is ORG.

Cloud9 features separate teams in various types of games, all with the same name. In a recent ranking drawn up by Forbes, the Cloud 9 has forcefully entered the list of the next 25 startups destined to reach a valuation of over 1 billion, a value not unlike that of Milan and Inter put together (La Gazzetta dello Sport, 2018).



Figure 2: Organizational structure of Cloud9

Source: <http://www.cloud9.org/>

Here is the ranking of the best 10 eSports teams, taking into account the maximum overall earnings obtained. The data was obtained from Esports Earning and the information collected comes from the internet, including articles, forum posts, live discussions, interviews, official statements, databases etc.

Ranking	Name	Overall Earnings	N. Tournaments
1.	Team Liquid	\$36,506,513.53	1925
2.	OG	\$34,388,223.59	109
3.	Evil Geniuses	\$24,358,698.79	861
4.	Fnatic	\$16,021,225.28	950
5.	Virtus.pro	\$15,700,422.39	526
6.	Newbee	\$14,225,385.59	231
7.	Vici Gaming	\$13,394,743.33	278
8	Natus Vincere	\$12,370,547.70	511
9	Team Secret	\$12,210,574.95	285
10	Invictus Gaming	\$11,792,005.00	515

Table 1: Classification of Esport Teams by overall Earnings

Source: www.esportearning.com

These are undoubtedly important figures, which make us understand how the eSports phenomenon is delivering ever richer prize pools data countless events that take place every year linked to our games favorites.

3.2.2 Esport Ecosystem

The ever higher consumer demand for e-sports and the growth of organized video game competitions have generated considerable attention by the sports, events and entertainment industries. The parallelism of e-sports with traditional sports, from a structure point of view organizational ecosystem, defines the role of the former as a product of sports entertainment recognized by the industry as a significant growth opportunity for traditional sport and related organizations. Below are all the actors involved and how each of them, to date, yes relate to others. In particular, highlighting two flows: that of interest and the economic one. The first envies who each actor is addressing, therefore defining its role. The second, the streams of money they hold up and allow the growth of the entire sector.

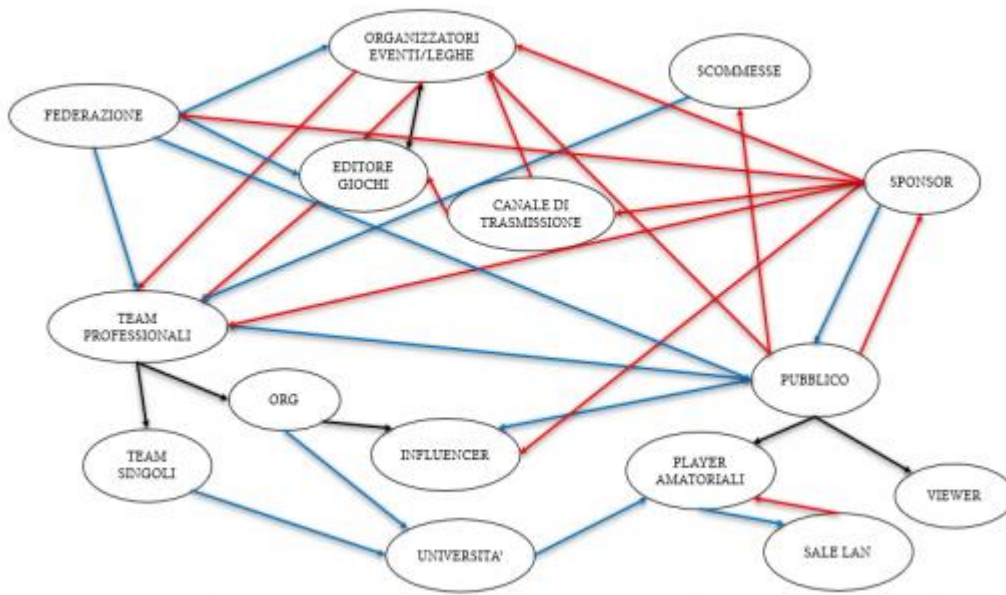


Figure 3: Overall structure Red- Economic Flow, Light Blue - interest, Dark Blue - formed by
Source: compiled by author

3.2.3 Value Chain

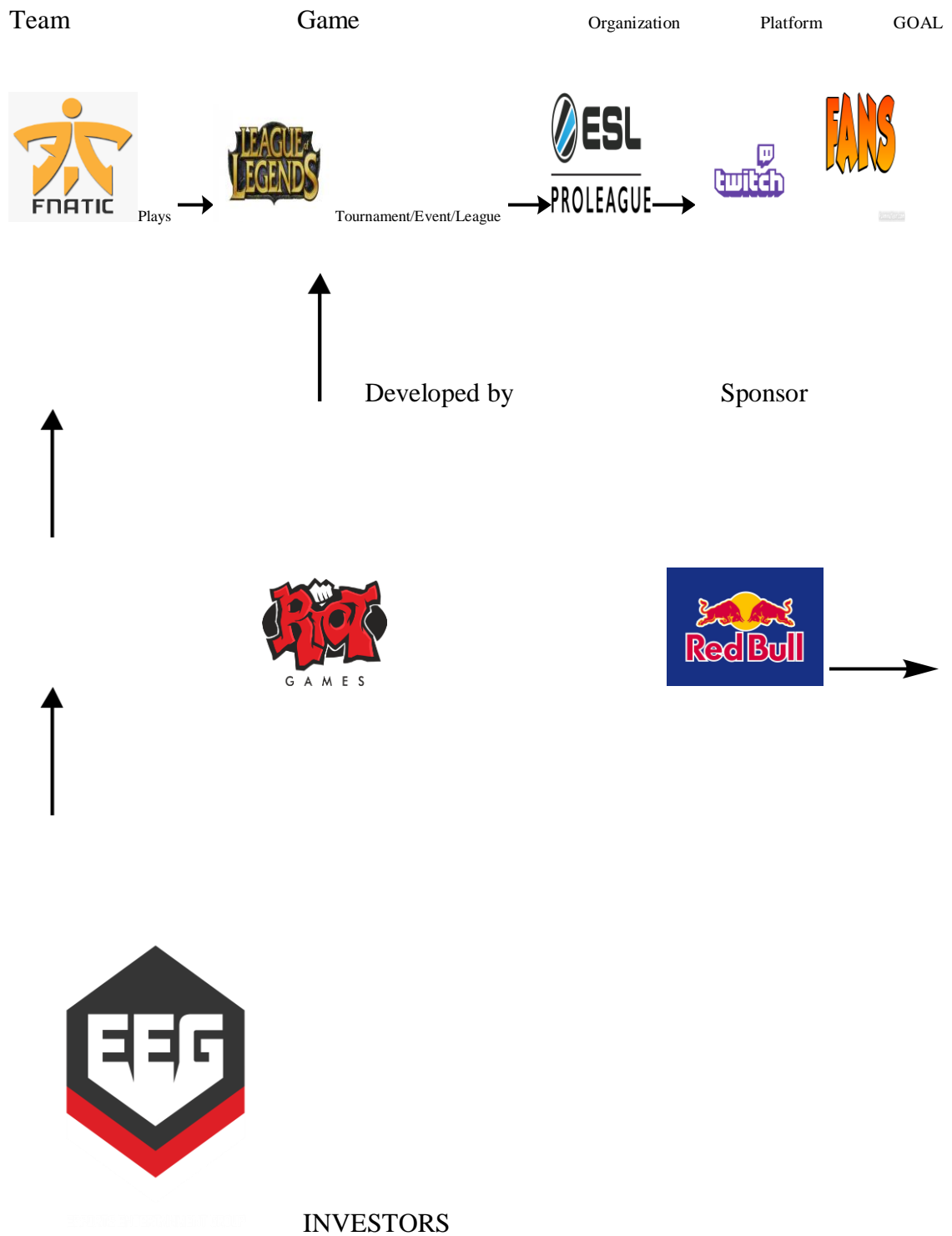


Figure 4: Value chain
Source: compiled by author

The predominant organizational model for eSports focuses, in addition to the game software development, on competitive events before the public since live, then online and broadcast. In this perspective, sponsors and investors have an interest to fit in.

- **Game Publisher:** Make the games and play a lead role through the continuous development of the game, and rely on organizations for i tournaments, exercising strong control, or they can even organize events independently. The publisher owns the rights to the game and the content it creates. Developers earn money through sales of games, purchases of gaming items and broadcasting rights.
- **Event / Leagues / Championships Organizers:** set up and manage events and competitive leagues. They organize tournaments independently, paying the rights of the game publishers, or are mandated by the game publishers themselves to set up tournaments / events. They are responsible for providing content to the masses through television broadcasters and earn through sponsorships, ticket sales, broadcast and streaming rights. The events must both attract a large enough audience in order to earn money from sponsors, both create good content in order to attract viewers.
- **Broadcast Channel:** They are responsible for how the content spreads and they earn money through advertisements and subscriptions from those who generate content on the platform itself. The broadcaster also helps the creators of content (events, developers, streamers) to get views, and can attend the strategic promotion of events. However, they are responsible for maintaining a stable platform for millions of viewers watching multiple events from a variety of games at the same time.
- **Teams:** they are the equivalent of the traditional sports clubs they host professional players, attract fans and attend events for to compete. Teams monetize what they do through sponsorships, merchandise, cash prizes and player exchanges. Teams manage their players as they see fit, deciding whether they are free agents or contractors, how to pay them, trade them, produce content with them or how they work with sponsors. Some teams compete in multiple games, others they are specialized. Teams can be independent or belong to a brand that manages several teams each of which specialize in a game (ORG).

- **Player / Influencer:** They are what attract fans to teams and events. It's industry stars and consistently demonstrate skill, passion and the devotion needed to compete professionally. The players are paid and can earn with additional methods such as streaming, personal sponsorship and merchandise. The players, especially the influencer, can be the perfect ambassadors for every other ring of the value chain.
- **Sponsors:** are the companies that invest money in the eSports ecosystem to generate new customers. These brands are responsible for the large amount of money of sponsorships that flow through esports and represent a great part of how teams and events generate revenue. The brands that invest in teams usually look for product ambassadors: like the placing the logo on team uniforms or social media platforms. THE brands sponsoring the events will likely focus more on the general brand.
- **Federation:** indispensable body for the protection of the ecosystem of eSports, with the aim of growing the gaming industry e spreading the correct use of video games, creating rules and standards common for players, referees and coaches through membership, but also multigaming, lan rooms, events and companies involved
- **Investor:** Companies that invest in the ecosystem for this can grow and increase their economic return.

All stakeholders in this case interact with each other and need to work closely if they want to be successful, as it is difficult for one of stakeholders to achieve their goal on their own.

3.2.4 Event Promoting Organizations

Esports can be described as multiplayer video game events organized, mostly among professional players. These events often take the form of a series of tournaments or competitions that culminate in leagues, either a regional and global level. One can guess how these events are one vital component for the ecosystem of e-sports: they have different functions in addition to allow an offline experience to fans of that particular game or that particular team, including video game promotion, merchandising, acquisition of sponsors.

Tournaments are organized by receiving funds from one or more sponsors, paying them back with visibility. All the preliminary stages of the tournaments are followed in streaming, while the final also live with referees and specialized commentators. More is important the tournament and the more spectators will be, on site or in streaming. If then yes manages to sell the television rights of its competition to some network is an additional source of visibility and income.

With the growth of the e-sport phenomenon, the size of offline events, which at the moment far exceed the spectacle of normal sporting events. Tournaments can be organized directly from the video game production house or from private companies specialized in this area. In order to understand the growth of the community and- sports, it is essential to first examine the main events in the sector (Cresta, 2017):

- ESL: Electronic Sports League, is a specialized private company in the organization of events and tournaments dedicated to all types of video games. Founded in 2000 with headquarters in Cologne, Germany, it has 11 offices and even its own television studios whose products are distributed through transmission channels. It is the largest organization present at the moment, and its events have a very wide magnitude, embracing all types of e-sports, and such a spectacularity attracts both fans of the disciplines and the curious who have no idea what esports are. ESL's productions have grown over the years exponentially also thanks to agreements with sponsors, most recently with Mercedes-Benz, and game publishers such as Valve Corporation in 2015 for ESL One Cologne with over 27 million online viewers, and Activision in 2016 for Call of Duty World League. ESL organises events and competitions throughout the world, collaborating with publishers such as Blizzard Entertainment, Riot Games, Valve Corporation, Microsoft, Epic Games and many others, offers different tournaments according to different skill levels (ESL, 2018).
 1. ESL Pro: for eSports Champions, in which there are qualifiers for participation, very limited slots and significant prize pools. Intel Extreme Masters, ESL One, Professional League, World Championship any many more.
 2. ESL Major: for those who test their skills, the requirements of entrance are quite strict, they may be limited-slot or unlimited, opportunities for slots for ESL Pro, more possibilities for cash prizes. Go4 Cups: at a slightly lower level but that always concerns those who still have a medium-high skill, open to all and free, unlimited memberships, guaranteed cash prize. It is about Leagues, Cups, Ranked etc.

3. ESL Open: more on an amateur level, open to all and free, no limit of registrations, small prizes or no prizes. Here too we are dealing with Cups and Leagues.



Figure 5: ESL

Source: <http://www.esl.net/>

- MLG: Major League Gaming is the second largest organization of eSports in the world, made up of millions of live viewers, fans and competitors. It is headquartered in New York and was founded in 2002. The company has also been part of a national TV production and development of many professional esports games. MLG offers gaming fans a forum to enable and improve their own skills and socialize through the largest online destination for competitive games. Compared to ESL, MLG is much more limited, in the sense that it is currently focused on only 2 games, Call of Duty and Overwatch, aiming primarily to build the ESPN of video games, a cable television channel that would be dedicated to coverage and analysis esports with premium productions, both from 'Activision' and producers external, which could attract more important advertisers.



Figure 6: MLG

Source: <http://www.mlg.com/>

3.2.5 League of Legends

League of Legends, also known as LoL, which manages to outperform the competition, also made up of similar and previously born titles. Having already discussed during the introduction of some figures concerning him, a few elements need to be added. In particular, the game is part of the MOBA (Multiplayer Online Battle Arena) genre, in which the goal is to destroy different structures of the enemy base within a closed arena, which varies depending on the maps in which you play, impersonating one of the various "champions". Matches can be one on one, three on three or five on five. The first who destroys the wins wins "Nexus" opponent, i.e. the main building inside the opponents' base. Characteristic importance of League of Legends is the importance given to both the skill of individual players and that of the team. In fact, some games can also be won by the team at a disadvantage thanks to an important game, even if an organized team may be able to avoid this eventuality. Their "ranked" mode allows people to obtain scores based on the results obtained and be classified in a ranking divided into different sections (from bronze to "challenger"), which is the basis for companies that want to contract or monitor new items' perspectives. However, it is necessary to report how LoL is currently under attack for how long it concerns leadership in the competitive world, both for external causes, such as the birth of new games such as Overwatch, both for internal reasons, as a good number of players did not accept some changes occurred over time. An answer that was given by Riot to this phenomenon was to associate some of its profits, obtained from the sale of two parts types of character modifications, major tournaments and teams.

3.2.6 Counter Strike: Global Offensive

Counter - Strike: Global Offensive, also known as CS: GO, was created by Valve and belongs to the FPS (First Person Shooter). This means the player impersonates an armed soldier with a first-person view, in order to accentuate the realism of experience. More specifically, he is alternately part of the team of terrorists and that of anti-terrorists. In the main mode, the terrorists must kill everyone opponents or detonate a bomb in the allotted time while the anti-terrorists have to prevent it from exploding or eliminate all enemies. The matches are played in five against five and it is necessary to win at least sixteen rounds, except for a tie at fifteen. In this event, there will be overtime consisting of six rounds each, until one team will turn out to have won two more than the other. Counter - Strike is probably the game, in between those listed, in which the instinct of the player counts most, often having only a fraction of second to be able to aim and shoot. There were many versions of Counter Strike, which had big success in Europe and Americas, it held many major tournaments with prize money ranging from 10.000,-100.000,- of Dollars. Electronic Sports World Cup 2007, was one of those major tournaments where the prize pool was estimated to be around 180.000,- Dollars. (hltv.org).In 2012 a new game called Counter Strike: Global Offensive came out. Global Offensive at the start did not receive very well under the very harsh funbase, but over the years it developed through patches, upgrades and a very talented team who's caring of their customers' feedback and their satisfaction of their game. At the moment there are thousands of tournaments every year in Global Offensive and it beat its predecessor, 1.6. What Is appealing about Global Offensive is that there are tournaments and opportunities to gain a financial reward for the most players out of all of eSport. In Europe it is the most popular, even local teams in countries have their own leagues and broadcasts, it is the football of esports. In Sweden it is so popular that in sport pubs instead of watching a Hockey game they watch Counter Strike events, while drinking a beer. Fun fact in sweden at McDonalds, there are burgers called after Sweedish Counter Strike players. Nowadays over one million players tune every day to play Counter Strike (steamspy). It does not compare with the numbers of daily players with other games like League of Legends (32milions).(Riot,2016), but it is the most praised and popular game of the First Person Shooter genre. There are 3 Major tournaments every year alongside with many other important tournaments, the point of the Major is to show who is the best team worldwide, as often it can happen that in a tournament which is not a major there are not all the best teams. The Major is usually held by the organization called ESL, which is also focusing on other games. In Counter Strike: Global

Offensive, as in other competitive games, the players are under a contract and organizations/teams can buy and sell their players as in Football or NFL. In Counter Strike the biggest buyout happened this year, it was for a player called, Nikola Kovac, whose buyout was 500.000 of dollars, he was acquired by a American organisation called, „Faze“.

3.2.7 Sponsorships and Investors

Not only publishers or companies are interested in this sector intrigued by video games, such as streaming companies, but also companies of different sectors starting to invest in the market to exploit its popularity e establish a head start on competitors: digital and telecommunications, hardware companies, sports clubs, companies of established brands It is a sector with a strong attraction also for investors and funds of financing. All this because there is enormous potential to be exploited. It is not certain a mystery, in fact, that the competitive gaming industry, bargaining with the greats capital of finance, has now entered its most explosive phase. From 100 million dollars invested by tycoon Alisher Usmanov and his USM Holdings in the team Virtus Pro Russian, up to the great sports and showbiz stars, such as Stephen Curry and Drake.

When we talk about ORGs (Organizations), often operating in the field of technology. ORGs attract a lot of investment. Most of the capital comes from America and China, with Europe struggling to keep up; and like any self-respecting startup, sometimes things work well and sometimes they don't.

Team	Investment	Partners
Virtus Pro	100.000.000 \$	
Cloud9	73.000.000 \$	
Echo Fox	38.000.000 \$	
Team SoloMid	37.000.000 \$	
Team Envyus	35.000.000 \$	
Optic Gaming	33.000.000 \$	
100 Thieves	25.000.000 \$	
Team Liquid	25.000.000 \$	
EDG	15.700.000 \$	
NRG	15.000.000 \$	

Table 2: Org Investments
Source: <http://www.esportearning.com/>

Esports are one of the biggest earning opportunities right now. IS a key way to reach audiences that may seem difficult for TV to attract: Millennials, in fact. This generation is now a part important of the workforce and has a lot of purchasing power, as in this age group begins to make their own purchasing decisions. With the esports audience growth, Millennials will continue to have a high purchasing power and therefore represent a real opportunity for the big brands, which aim to reach this generation to increase their visibility and retain them for continuous future returns. Millennials therefore they represent the recipient of the marketing campaigns of the big brands (T.L.Taylor; Raising the Stakes: E-Sports and the Professionalization of Computer Gaming):

- Intel: Since 2006 sponsors Intel Extreme Masters together with ESL (Electronic Sports League). Historically the oldest and longest tournament sponsor in the world. In 2018 Intel and ESL extended their partnership by signing a three years worth 100 million dollars with the aim of pushing even more in the direction of esports on a global scale. The agreement expects Intel to supply various of its own technology products for most major eSports events until 2021.
- Coca-Cola: the soda giant sponsors the world championship of League of Legends, one of the largest esports competitions ever you exist. In order to be able to take it to the next step, Coca-Cola and Riot Games have started a collab with some cinemas to

host more than 200 parties of simultaneous viewing for the LOL World Championship throughout the United States, Canada and Europe.

- Red Bull: Energy drinks like Red Bull are the main ones supporters of e-sports. The company started by promoting tournaments from the Blizzard Corp. and then expanded to League of Legends, Valorant, Dota2. Red Bull sponsors races and teams, such as Tempo Storm.
- Audi: The German carmaker started sponsoring CounterStrike: Global Offensive team Astralis in January 2017.
- T-Mobile: is among the organizations that sponsors major export teams such as TSM and Cloud9 starting from August 2017. T-Mobile is also asponsor to Twitch E3 Fighting Tournament at the Staples Center in Los Angeles.
- Mc Donald's: Main sponsor and official partner of the three ESL live shows that yes take place in Germany.

Some brands, to try to reach the audience directly without having to pass for influencers or advertisements, create and manage their own channels on Twitch or Youtube. In this case, it is important that the faces that represent the brand are people who have been linked to the brand for years.

As to the nature and goals of the esport industry as a whole, it's not as surprising that new entrants are more the rule than the exception. The goal is a greater industry reliability, publishers and organizations are trying to adapt, in how much opportunities to monetize and strategies are not fully exploited or developed.

The Investors, first of all, with their economic and organizational efforts allow most of the events to take place. In addition, they provide one good percentage of the prize pool that can consist of money or other. It is the sponsors who support the organizations, the professional teams and not. As regards the profile linked to the management part, we have passed from events organized by a small circle of industry giants such as MSI, Intel, Cooler Master, Sony, Samsung to more traditional multinationals, in fact Coca Cola, Kellogg's, Pringles, Burger King, used to riding any phenomenon of success and win over a young audience

The largest European telephone operator Vodafone has started to sponsor and partner with global ESL, as the company continues to deliver investing in esports. Their partnership will see ESL add a new segment to its live event events, called Vodafone View. Vodafone also plans to market its own 5G technology, which will soon be released through the partnership. However it isn't the first time Vodafone entered, since the Spanish division of the company

previously sponsored G2 eSports' League of Legends team. In addition, the company has also started sponsoring and is now claiming the rights to name for Giants Gaming, now Vodafone Giants (T.L.Taylor; Raising the Stakes: E-Sports and the Professionalization of Computer Gaming).

There is no shortage of other large telephone companies such as Telecom, AT&T and the like, as well as other important companies completely from other sectors. Let's think about Ax and Gillette, or the large PC, hardware and electronic tools companies in general such as Asus, Apple, Hp. Not only that: in Italy also Banca Intesa San Paolo has organized and hosted in some branches a championship dedicated to FIFA. The problem of the lack of clear rules and a legal field within which dictating the rules without prevarication is still missing. With all the risks involved they follow and that go, above all, to the detriment of the weakest link of the chain: the players. Not only that: at the moment there is a real danger that wild speculation, due to the sudden boom in demand, may make the bubble bigger until it bursts.

3.2.8 Live Streaming and spectators

One of the most important steps in the history of esports, spectatorship is the rise of video game live streaming. Video game live streaming provides the technology of continuously transferring data over the Internet from one sender to one or more receivers. This is one of the ways to view matches, which is happening live. It is fairly normal for the viewer to use a web browser to spectate a video game live stream. Where previously big professional hosted tournaments often used their own streaming system, and spectators had to pay in order to watch, presently these tournaments can be followed using big streaming hosts like Twitch'(twitch.tv, 2019). In sports fans have to pay for the ticket to view the match live or have to have subscription of sport channels however in esport everything is free and viewable on platforms such as youtube and twitch. Twitch and other platforms which are hosting live games do not only stream major matches of games like the League of Legends finals of IEM Katowice. The need and infrastructure to be able to become a streamer is not demanding, and anybody today can stream online. Since Ads are the main income, there are no costs for the player to host a stream through such websites. To a difference example one part of ads profits from players streaming their game. This can make the stream more interesting for the viewers and the players, many of the top Counter Strike: Global Offensive pro gamers, for example, can be found streaming their matches from time to time. They view video game live streaming as a new kind of entertainment because of multiple aspects. Two of those aspects are that first is that most of the media is created by the users, second is main eSports

tournaments and new releases of esports games can create an increase in the total viewership. There is an existing argument that both discovering new video games and spectating professional gaming are monetized because it is spectatorship to content usually generated by users instead of, for example, game magazines, commercial events, or game developers. Another important info is that the game can be viewed without having to possess that specific game. Therefore, with broadcasting there is a visible motion which is recognised from traditional media that created media to user generated content also show, however, that there are a few popular streams and many streams with hardly any spectators. Thus, power laws that create a gap between a few popular streamers and many not so popular ones are still apparent. Viewers do not have to own the game to watch the broadcasting, therefore people tend to watch streamers play a new published game so they know what they are spending their money for. Twitch.tv in fact is one of the most important platforms where gaming industries without investment are having their games advertised, this could be in a negative or a positive way. The Broadcaster has the power to influences his viewer Decision. For people from the outside of the perspective, they have been asking the same question to the consumers over and over again, Why is the consumer watching someone playing video games? The starting idea of clients and customers when considering any sports is the viewer's and that is no different in esports. They are the main target audience and they are the group that is used to evaluate if the event was successful. Customers are the Viewers which get the benefits of free patterns. The different customers which the organizers need to be able to get are players, sponsors.

3.2.9 The audience

The most important stakeholder in eSports is obviously the audience – the gamers. Every company in the esports competes over the viewership in order to get profit. Without gamers, there would be no eSports market: The main questions is ‘What are the statistics on the eSport audience?’ All gamers are the potential endconsumer – around 20% of them are eSports enthusiasts (Paul Chaloner; Talking Esports: A Guide To Becoming A World-Class Esports Broadcaster; July 23rd 2015). But an important subject is that not every customer or consumer of a specific eSports title necessarily spends time playing the title as there are many variables. Many of the customers enjoy eSports only as a spectator sport and themselves are not players of the specific esports. The medium of an eSports consumer is a male member of generations 1985+, so between 13 and 40 years old .

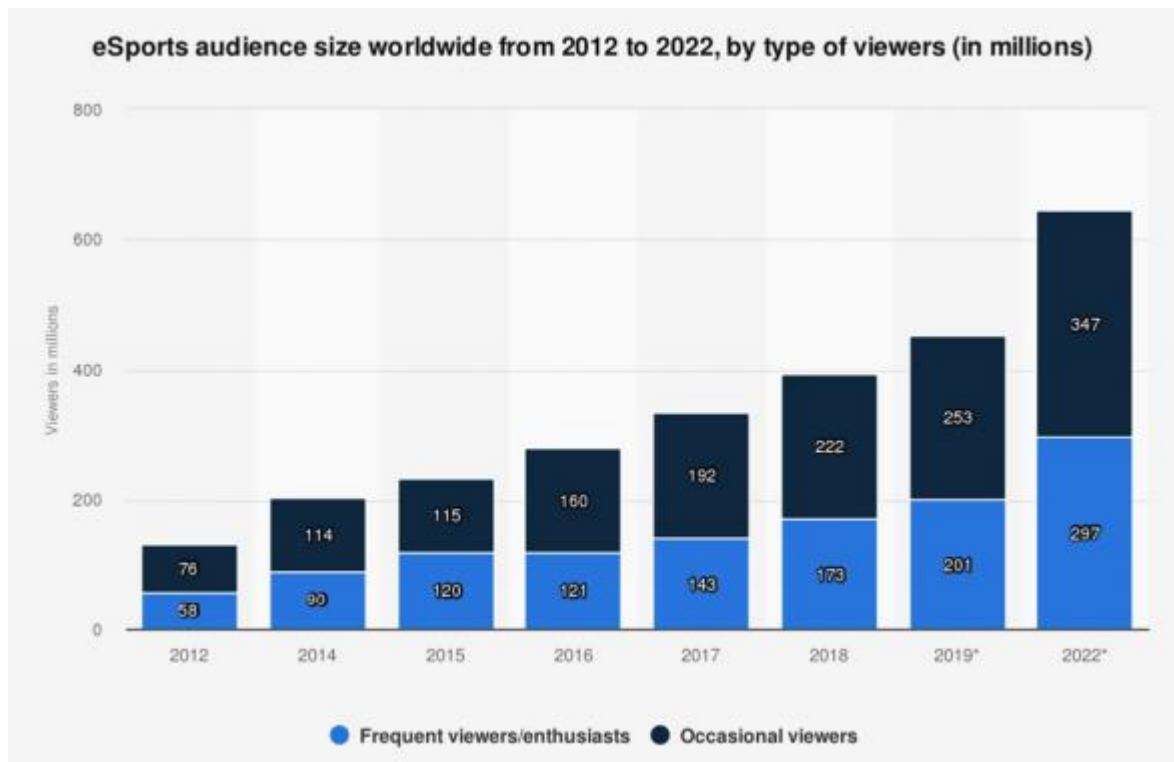


Figure 7:eSports audience size

Source: www.twitch.tv

3.2.10 Professional Gamers and Teams

When it comes to players it is important to remember that we are referring to people who compete at the highest levels, not to those who dedicate themselves to simple personnel entertainment.

To hope to pursue this career, the goal is to join part of an organized team, what was once called a clan. It's an immediate mechanism because usually when you become strong it is precisely the teams that take the first step and propose to play wearing their colors. By always coming first on servers, you will inevitably get noticed. Usually yes it starts right with an amateur team, a group of friends who decided to play together against everyone else. After selecting your discipline, you have to start playing, that is, to train seriously. You have to climb the online leaderboards and the various ranks of the matches at least to the point where you understand you have the right numbers, the so-called skills. With the increase of one's ability, players need a step further and more organization professional. It is absolutely not recommended to remain lone wolves. It takes one structure behind.

Teams must leverage their image players (influencers) in such a way that the company can promote it by providing advertising space and / or selling the goods. The most significant example refers to the trend of the last year: Fortnite and influencer Tyler Ninja Blevins. The popularity of the young man increased parallel with the exponential growth of Epic Games' Battle Royale, pointing it out to the general public. The leap in quality, the one towards the mainstream, he did, however, when he started playing alongside the likes of Drake and well-known sportsmen across the Atlantic. Since then, the guy has partnered with brands like Red Bull and Samsung, without considering the agreements with Uber Eats, underwear brands, and of course the Twitch platform itself, on which it has its own channel (Roland Li; Good Luck Have Fun: The Rise of esports; June 7, 2016).

The management of the personal image can result in an increase in both value perceived and both the number of fans. Players will become more professional and they will receive adequate training to appear more confident and charismatic when they are resumed. The brands, on the other hand, will work to guarantee prestige to the player. There is however a risk for the successful players who decide to join the team (you join a team to get a more decent and fixed salary), as they will spend less time on their image and their own transmission channels; moreover, the image of the team can affect the player himself.

Sources of income for a professional player:

- Salary: a fixed amount, minimum income. The annual amount depends on the game: Overwatch min \$ 50,000 / year, LOL min \$ 75,000 / year. Yes they can add up any bonuses.
- Tournament Winnings: Prize pool which is split between players. Dota 2 25 million max prize pool for a tournament, 38 million overall in the 2017; LOL max 5 million for a tournament, a total of 19 million in 2017.
- Sponsorships: Sponsors provide technical support and tools.
- Streaming: performing through broadcast channels (Youtube, Twitch), there is a subscription fee to the channel (for example 5 € / month) and the player earns.

3.2.11 Esport vs Sport

Another relevant aspect, which originates from the competitive nature of the business, is the relationship with traditional sports, which involves a transition of the concept of sport and athlete. Despite the growing legitimacy and similarity of esports to sporting events and traditional competitions, a debate continues on the advisability of considering esports as a sport.

This is the definition of the European Sport Council: all sports are defined forms of competitive activities or games which, through casual participation or organized, aim to use, maintain or improve physical abilities and skill, providing fun to the participants, and in some cases, entertainment for the spectators.

A sport is, therefore, defined as a lucid competition based on physical skills, strategy and organization. Specifically, a game is a sport if it satisfies 4 requirements (Funk, Pizzo et Baker, 2018):

- They require skill (as opposed to pure chance)
- The skill is physical
- Requires worldwide popularity (wide circulation)
- Organizational and institutional stability

Esports require physical skills, in fact manual dexterity is skill physics most relevant to success; they are globally popular and engaging competitions organized with specific roles and institutions, thus satisfying i sport criteria.

Esports events take place in iconic arenas, receive coverage sports media and have college scholarships, betting and scandals of doping, major tournaments, leagues, teams, transfer fees, agents and visas work. The main argument against e-sports as a form of sport centers on his perception of the lack of physicality. It is a modern business as well highly structured that requires physical actions of the human body to decide a competitive result. However, the inclusion of a non-component is considerable human (specialized technical equipment), but this is not enough to reduce a non-sport activity.

4. Practical Part

4.1 Stakeholders in the eSports Industry and the Economic Framework

The eSports industry involves different agents in order to supply its products and services. They can be classified as: Publishers (e.g., on-line multiplayer games developers), Infrastructure Platforms Suppliers (e.g., PC, consoles, interconnecting networks or servers), Teams/Players, Competitions Organizers, Broadcasters and Sponsors. Seo (Roland Li; Good Luck Have Fun: The Rise of esports; June 7, 2016) proposes to complete the chain value by incorporating final consumers.. Riot Games is the publisher of League of Legends, but it also manages League of Legends Championship Series - LCS. The Russian telecommunications group Mail.ru Group has recently acquired ESforce for approximately 100 million dollars. specialized in eSports. These examples illustrate that the role of agents in the eSports industry is not as clear, as in the sport industry, rather, it can create a complex economic and relational framework. eSports achieved great popularity in a very short period of time. The eSports industry has not yet been able to consolidate a framework able to regulate economic relations among the agents involved. Unlike sports, which are organized in championships with independently owned teams, a single publisher controls each eSports game. A publisher organizes its own championships or licenses its use to an independent organizer. A championship organizer selects participating teams based on their performance and on some economic criteria (entrance fee). Audiovisual broadcasting rights are usually owned by the organizer. Thus, the eSports industry framework significantly differs from that in traditional sports. The role of publishers and organizers becomes more central, putting teams more in the background. In the sports industry, revenues from media rights and ticket sales are important financial sources for teams, as well as advertising and sponsorship revenues. In the case of eSports, teams make money by winning tournaments. Also, the substantial share of their revenues comes from sponsorship and advertising (brand investment). Thus, brand investment is an important financial support, but this financial structure is very sensitive to strategies and priorities of sponsorship brands. This implies that less stable revenue streams make eSports teams less independent compared to their regular sports counterparts, even more so in cases where promotion and relegation systems are in place. One of the most relevant questions for the eSports industry is how to build durable governance structures that fit the specific eSports

features. They should assure the independent role of each agent and provide stable and autonomous financial structure to reduce risks and attract the investments and efforts necessary for sustainable growth. The recent proposals developed by the two of the most important publishers could meet these conditions. In 2018, Riot Games announced the transitions of the North American League of Legends Championship Series to franchise format replacing the existing promotion and relegation system. This means adopting a new competition format, different from that used up to now, and which will still be maintained in Europe until 2019. The new competition format establishes a revenue sharing system, guaranteeing minimum revenues for the teams. Blizzard Entertainment has also launched Overwatch League in 2018 using a franchise format. In this case, each franchise is tied to a major city and teams are assured a minimum amount of annual revenues plus additional amount from a revenue-sharing system based on the team's performance in the season. Adopting structures from traditional sports (e.g., NHL or NBA) can be a way to offer stability and clarify the role of the agents. But the continuous emergence of new games and formats in the eSports industry requires more flexible and adaptable structures than those in the traditional sports. Other initiatives are creating global associations similar to those in traditional sports (i.e., FIFA in the case of football). The World eSports Association (WESA) is an initiative by some eSports teams and organizers to create a discussion space for all stakeholders in the industry, aiming to create a framework that would support and amplify sustainable growth of the eSports industry. The official recognition of eSports as sport requires establishing institutions that define a specific regulatory framework. From this perspective, a more prominent role of public authorities can be helpful. The first initiative taken in Europe by the French government could be a first step. However, eSports are developed in an on-line world and this can limit the application of government regulations.

4.2 Marketing Strategy

As an activity, esports are entering a new stage, with more investments, more sponsorships and infrastructure and more media coverage. As said several times in previous chapters, the sector is growing and catching up high figures also and above all thanks to investments by major brands. Esports by now, they are part of the marketing strategies of many established companies. And it has come to the conclusion that sponsors are essential for evolution and for

development of the sector. Esports as a marketing strategy are measurable, unlike sports traditional, because they are linked to technology. And that allows brands to create different investment strategies.

The new way of advertising in relation to e-sports will be treated, above all because it is the main source of a federation's revenue. In fact, the sponsors themselves and advertising represent the thrust that moves the IeSF (international esport federation) and supports the entire model of business. Consequently, one of the main activities of the IeSF is managing agreements and negotiations with the many brands that want to enter or that are already present in the exports.

Sponsorship is an important marketing and communication tool that allows companies to associate their brand with particular events, generally not related to their normal business, in exchange for financial support. The main advantages offered by sponsorship are those that obtain great visibility from an audience that can be heterogeneous and contain different consumer groups, especially when the event is broadcast by mass media. Numerous studies on the effects of consumer advertising claim that advertising communications can achieve effective results in terms of brand appeal and familiarity even only through a mere repeated exposure, leveraging the level of the subconscious and pre-attention of the individual (Bennett, 1999). Thanks to the success of e-sports in Western popular culture, this trend has taken many big brands by surprise. Esports have attracted a great deal audience and many brands are trying to enter this gaming culture unknown. A very different story in countries like Korea and the USA where it has been known since time and esports culture.

Esports have now become a tool, in the hands of big brands, to transform the audience into customers. To convert them into customers you need to understand i different types of audiences that can be grouped: it is not the same when a user plays locally against a mass event; or the audience of one streamer, be it on Youtube or Twitch; or even the audience also

depends from specific games, such as League of Legends or FIFA that have an audience higher. For a sponsorship to be successful, 5 factors must be brought together (Seck, 2018):

- **Visibility:** before signing any sponsorship, you have to make sure the agreements are clear to ensure the visibility of your own brand / product.
- **Price:** Most esports organizers are still in the phase initial to establish your own revenue streams. If sponsorships from a economics point of view are satisfactory, it is likely that they are open to long-term business relationships.
- **Involvement:** This goes hand in hand with visibility. Getting Direct contact with the esports audience is the primary key to one successful sponsorship since brand / product recall increases with interaction.
- **Audience category:** while the esports audience as a whole is often described as young and tech savvy, the truth is that the esports audience consists of a wide range of demographics and interests. Segmentation and targeting are very important for connecting with the right people for the brand / product of the company.
- **Feedback:** To make sure the brand / product is associated and remembered positively, get as much information as possible from the audience to be able to understand how to fulfill all the wishes of the consumers.

After that, there are common initiatives to communicate the value of one's own product or service. Marketing managers must acquire strategies, tactics and above all tools to exploit the potential of this market and one audience in exponential growth. 9 have been identified (Keller, 2018):

1. **Influencer Gamers or streamers** are one of the essential elements of e-sports. It is one of more effective ways to build a relationship with the community. Each of them has an important influence on followers, who consider their favorite as a source of useful information on e-sports. Even if they do not yet reach the level of traditional sports like Ronaldo, Hamilton, Lebron James or Messi what is certain is that players are essential

elements to transform the audience of esports into customers. Brand messages can be more effective if you take advantage of the relationship between content consumers and creators.

2. Presence on streaming platforms Most relevant esports events are broadcast on one live streaming platform. Twitch, Youtube Gaming, Mixer, Facebook Gaming, more and more streaming platforms are struggling to get the best contents. These platforms are used by e-sports influencers for distributing content to their fans and followers. Likewise, the brands are advertising during sports broadcasting segments, e-sports broadcasts offer this type of advertising opportunity. Most platforms that satisfy the esports audience sell advertising space. Furthermore, the broadcasters can often design a personal profile page and a space under the livestream window which may include advertisements. Or advertising can be present during streaming in the form of a link. These links lead to advertisements.

3. Sponsor an event The most innovative and progressive brands in the sector are already using sponsorship of e-sports events. Major companies like LG, Intel, IBM and Coca Cola stand organizing successful events for eSports fans. Compared to sponsorship of traditional sporting events, the sponsorship of eSports events is an alternative to low cost. You can sponsor a large event on a relatively small budget. A really creative way to subsidize the sponsorship cost of a big e-sport event is through crowdfunding. Last year, the creator Valve of DOTA 2, sold in-game items and packs and a portion of the proceeds went straight to the prize pool of their event, The International. The result it was a prize pool of over \$ 20 million and one of the largest esports events.

4. Sponsor a club It is an extremely effective and current trend to enter directly into the management of another of the most important parts of the industry: the clubs and the players who are part of it. There are two types of teams in esports: eSport works and eSports agency. The former are teams funded by product companies. One example is Samsung ProGame Team which is the world champion of the League of Legend. This model is fairly common. Companies like Airbus, Toyota, IBM and Volkswagen already have collaborated. The big corporations have made sponsorship a big one opportunities for brands that want to enter the world of esports. Others work with brand sponsors who promote products among team players. This way of marketing is one of the main methods that is involved, beyond the big brands, especially traditional sports clubs and their respective federations. In esports, therefore, something is moving in the direction of traditional sports. It is certainly an effective way to consolidate your reputation and reach a new catchment area on the one hand, and on

the other it is a way to bring together important investments to better structure the sector and incentivize the regulatory process. The eSports agencies, on the other hand, are particularly interesting for brands that want to create awareness of their brand through e-sports. They work as marketing agencies and they use teams to market, they bargain with multiple sponsors all becoming customers. These can put the logo of the sponsor on team shirts. In this way they improve visibility. Can also be present on the team site. They can also have a presence on social media and additional visibility through various publications. The main drawback of this sponsorship is that most brands are not necessarily marketing specialists. This means that even if brands get a lot of visibility created by teams, the marketing offered can be lacking in inventiveness and limited.

5. Presence within the game Videogames present themselves as an emerging medium in which to apply the product placement to create brand awareness in a non-traditional way. It is about both existing consumers, and to attract additional consumers, accessing new market segments (Zane, 2015). The use of product placement within video games has begun to be observed, also as a way to make the virtual context more similar to reality: bananas Dole in Super Monkey Balls in 2001, Sony Ericsson phones in Splinter Cell 15 in 2002, the sports uniforms sponsored by Adidas, Nike and Umbro in the video games of FIFA football and Pro Evolution Soccer.

InGame Advertising, IGA, consists in the inclusion of products and brands within video games, making the game more realistic. Similarly, to product placement in movies, game producers offer companies advertising space in order to be able to include their products and their brand within the game. Represents the inclusion of brands and products, in the form of sponsors, posters, billboards, in a video game already defined and created (Terlutter and Cappella, 2013).

- Static: the user always sees the same brands in the menus, banners and billboards within the game.
- Dynamic: The advertising in the digital game is changed every once a player connects to the Internet via computer or console. As advertising companies change from time to time their advertisements. Advertising in video games offers the opportunity to capture the attention of the player longer than traditional advertising thanks to careful

and constant concentration of the player on the monitor. It often involves lower costs as well above all, the players do not consider it invasive.

- **Virtual Billboards:** This is a very common passive method and which does not directly involve the user in which the various brands that appear in the game are presented inside posters, signs and billboards similar to what happens in the real context. For the sports video games this form of InGame is the most used. Exploit, in fact, the billboards that are displayed on the sidelines or on the sides of the circuits (Chaney et al., 2004).
- **Product Placement:** it is a real brand placement within virtual contexts, in which products and objects such as cars appear, cell phones, canned drinks etc. These are equipped with a brand recognizable (Walsh et al., 2012).
- **Product Integration:** the player interacts directly with the product of a certain brand when they interact with interfaces digital to modify or control the course of events. For example soccer balls branded by sports companies or imprinted brands on the bodywork of several racing teams.

4.2.1 **The Esports market**

“Video Game industry to reach 82 billion of Dollars” (Forbes, 2017). Forbes has forecasted that the videogame industry is to reach 82 billion of dollars by the end of 2017, other sources estimated a value 108-116 billion of Dollars (Venturebeat; <https://venturebeat.com/2017/11/28/newzoo-game-industry-growing-faster-than-expected-up-10-7-to-116-billion-2017/>; tweaktown; <https://www.tweaktown.com/news/57455/games-industry-earn-108-9-billion-2017/index.html>: Sources which forecasted different value than forbes, just for reference to evaluate)). Video Game industry has unlimited potential as new videogames are being published every day on almost all technological platforms (iOS, PC, PlayStation, Xbox, Android, etc..) The gaming industry however has many different ‘types’ of video games and not all are being spectated by millions of people. Competitive games are being played on the internet or through ‘LAN’ players have to compete against each other as a team or individuals, depending on the ‘type’ of video game or competition format (rules), it could be shooting, strategic simulation of war, cards. Most popular competitive esports game such as Counter Strike: Global Offensive has tournaments and league matches on weekly basis, one such tournament holds a record on the broadcasting website twitch.tv for the most

concurrent viewers, it happened at Major tournament, ESL One Cologne, Germany 2015, more than one million concurrent viewers were watching the finals of this game's competition. (ESL,). The thesis observation defines that esports revenues are spread globally and twitch.tv's majority of audience comes from Europe and Americas; Asian continent has different broadcasting platforms, such as douyu.com. Esports market has been estimated to be approximately \$612 Million in annual revenues with Asia, primarily China and Korea, dominating the industry controlling a 61% share 19 This is a continually growing industry as viewership continues to rapidly grow annually. While 2012 featured approximately 58 million viewers, 2013 74 million, 2014 boasted 89 million viewers globally. (Roland Li, The Rise of Esports, 2016). While one may expect prize money to be a large sum of these earnings especially as the League of Legends World Championships 2015 boasted prize pools of over \$2 million over half of which are claimed by the victor. However, to firms sponsoring their Esport teams, the prize money only represents a small portion of their earnings. In addition to the income from merchandise, a large portion of profits are made from advertising and streaming services such as twitch.tv.

League of Legends garnered 20 Million viewers in their last World Championships and On-Game.net made \$203 million last year from adverts played during streams and subscription fees alone.

A stream/ live broadcast is the modern day equivalent of a cable tv or a reality show in some cases. A company may choose to 'stream', that is to say, essentially broadcast, live events directly to computers all over the world. Viewing is generally free of charge but viewers may have the option to enjoy the stream at a higher quality for a small subscription fee. Therefore, streams are not limited to large gaming events, but rather, anyone can stream a game on platforms such as Twitch Tv. Companies, organizations and individuals can make a profit from the subscriptions to their 'channel' or the optional donations individuals may make to freely support their favourite entertainers, otherwise known as 'streamers'. Last year, corporate sponsorship in North America totalled \$111 million even including basketball legend Rick Fox purchasing his own team to compete in the Spring Split (Echofox: <https://www.echofox.gg/news/nba-legend-rick-fox-purchases-league-of-legends-franchise>) of the North American LCS AND Counter Strike: Global Offensive E-League. Observing as the trend esports causing a very positive influx of important investors, that could speed the process of esports becoming legitimate towards the public view, which esports organizations are trying to do.

One of the questions has been raised by many relevant reporters and news media, many believe that Esports is just a fluke and will likely decrease its revenues and viewership in future. However, to find out the answer to the question of Esports longevity the study will try to predict its future using Statistical analysis such as the Trend analysis.

In the table below, we can see how the prize pool for Counter Strike Global Offensive tournaments has been increasing slowly through the years, the study will use the trend function to test its longevity.

Trend Analysis using Price Pool Data

Using SAS and data taken specific data from tournaments, prize pool, month trimester of the most important tournaments throughout the years until now. Trend function was defined as:

$$y' = 11.364 + 94.406 * t$$

So, for the next period (1st of 2018) predictions are:

$$y'(13) = 11.364 + 94.406 * 13 * 1.38 = 1.705.000 \text{ USD}$$

Year	Period	Prize pool,USD	t
2014	1	250000	1
2014	2	250000	2
2014	3	250000	3
2015	1	250000	4
2015	2	250000	5
2015	3	250000	6
2016	1	1000000	7
2016	2	1000000	8
2016	3	1000000	9
2017	1	1000000	10
2017	2	1000000	11
2017	3	1000000	12
2018	1		13

Table 3: Price Pool

Source: Compiled by author based on data from www.esprtearnings.com

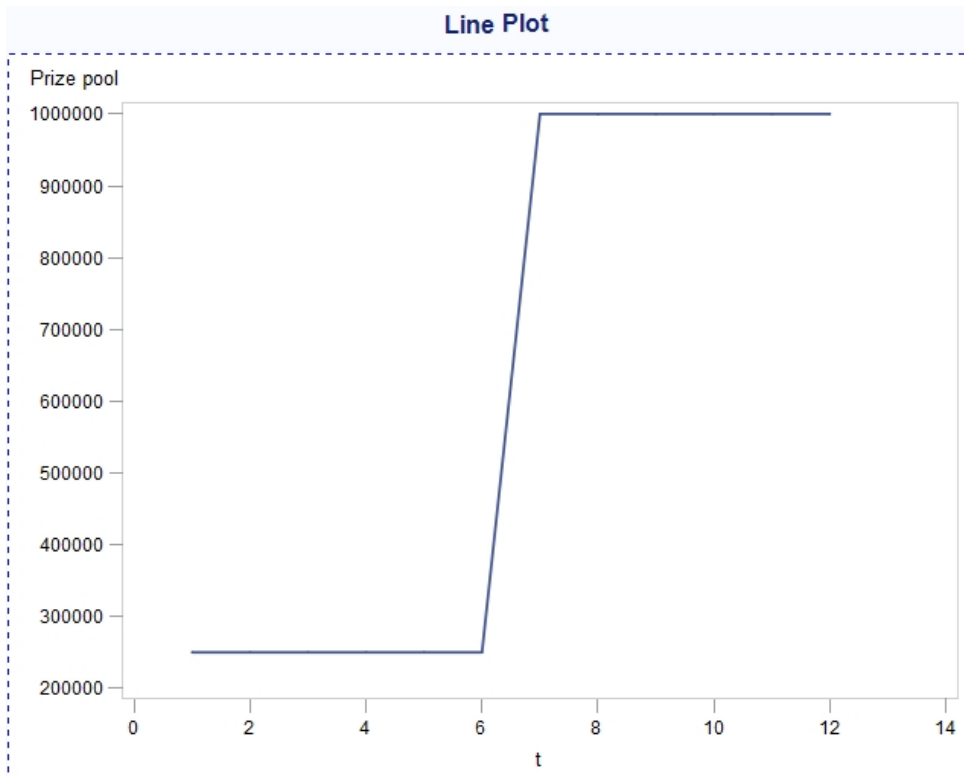


Table 4: Trend Analysis

Source: Compiled by author using SAS Enterprise Guide

Root MSE	203230	R-Square	0.7552
Dependent Mean	625000	Adj R-Sq	0.7308
Coeff Var	32.5168		
	1		

Table 5: Additional SAS results

Source: Compiled by author using SAS Enterprise Guide

Parameter Estimates					
Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > t
Intercept	1	11364	125079	0.09	0.9294
t	1	94406	16995	5.55	0.0002

Table 6: Trend function parameters

Source: Compiled by author using SAS Enterprise Guide

Analysis Variable : Calculation Seasonal Index	
Period	Mean
1	1.38516 00
2	1.00576 85
3	0.82917 83

Table 7: Seasonal Index

Source: Compiled by author using SAS Enterprise Guide

Usage of previous analysis has defined that the prizepool, will continue to increase in 2018 and in the future, therefore it is safe to predict its safety of investment.

4.3 SWOT ANALYSIS

Rapid growth has overtaken regulation. Esports offer many of the features of traditional sport, including professional players, teams, uniforms, coaches, managers, agents, leagues, competitions, puppet events, sponsorship contracts, player transfer commissions, commentators, university scholarships, but also issues such as match fixing, doping and gender disputes.

It is clear that the future development of the entire e-sport ecosystem depends on the legal classification of activities, as well as on the regulation and definition of roles, in particular that of the international federation.

In order to redefine an activity, you must first have a clear understanding of the objectives and tools needed to achieve them. It is essential to identify a strategy and plan to be effective. Conducting a SWOT analysis can guarantee a competitive advantage by providing a more realistic picture of future prospects. This is an advantageous operation that avoids the risk of losing contact with the relevant activity.

A SWOT analysis will allow us to look at the e-sports sector in a new way and from different perspectives. This is to have a clear picture of the ecosystem and be able to define priorities to focus on. SWOT analysis is a structured planning method that involves external and internal components and used to assess the strengths, weaknesses, opportunities and threats involved in

a project or in a commercial enterprise. The matrix allows a quick, complete and concise analysis of a specific business.

- **Strengths:** an analysis of strengths consists in identifying the advantages of the sector. Which resources are unique and to focus on. These are internal and positive attributes of the industry.
- **Weaknesses:** These are negative factors that detract from strengths. It concerns the factors to be improved and which represent a problem to be faced and managed to ensure that we continue to grow. Anything that represents an obstacle.
- **Opportunities:** These are external factors that can contribute to the success and further growth of the sector. How the market is growing and if there are any trends that encourage growth. What events can be exploited and what changes can be made for a positive impact.
- **Threats:** these are external factors over which you have no control. Evaluate whether future developments in technology can change the current state, whether consumer behavior is changing to have a negative impact, or whether there are market trends that could indeed become a threat.

Strengths and weaknesses are internal to the industry, while opportunities and threats generally refer to external factors. The former, being specific to the context of analysis, can be modified thanks to the proposed interventions and policies. Threats and opportunities, on the other hand, cannot be modified precisely because they derive from the external context.

	<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ● Competitive character ● Socialization ● Immersion in the game ● Continuous improvement of gaming and streaming performance ● Novelty in terms of skill compared to traditional sports Cross selling (offering a package of products) ● Unlimited potential and rapid industry growth ● The community Gaming House 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ● Roles not yet well defined ● Sector fragmentation ● Regulatory issues - legal issues (immigration / membership) ● Lack of game rules and parameters for measuring game activities (result) ● The rules of the game are set only by publishers ● Determine which games are competitive and which are not ● Teams or leagues exercise control over their product ● Contractor player Lack of international body / federation Lack of professionalism among athletes ● Playability tricks Doping ● Gambling / betting New type of client and well educated ● Lack of exploitation of peripherals (toys, music, books etc.)
	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ● Market and sector conditions still at the beginning and favorable ● Structural and efficiency games ● Different approaches Training ● Educate a whole new audience ● New enthusiasm ● Continuous improvement of online browsing performance ● New monetization methods (including cryptocurrencies) ● Collegiate eSports - university 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ● Segmented fanbase ● Rapid technological evolution ● Unsustainable growth (high risks and high costs) ● Third Party Owned Game ● Titles Distortion of traditional social values ● Environment highly aimed primarily at a male gender (classism and sexism)

Table 8: Swot Analysis
Source: compiled by author
Strengths:

Esports are attracting a huge audience that is continuously growing, as well as recording significant growth in annual turnover as well. It has a turnover of 906 million dollars and 380 million fans in 2018 and is expected to reach 590 million by 2020, mainly involving people between the ages of 18 and 39, thanks to aspects related to competition, increasingly with high performance which increase the immersion and realism of the game, and the possibility of socializing in groups. The esports industry is so pervasive because it is a global industry with universal appeal. It has numerous fans and engages younger audiences through new hardware and social technologies, in a way we don't see in traditional sports or any other content producer. The entire system is based on an effective community, fans can follow and interact with their eSports idols through social media (Twitch streaming, Twitter, etc.). This has attracted the attention of major sponsors. These well-known brands see e-sports as the perfect opportunity to reach the traditionally inaccessible target market between the ages of 18 and 25. Precisely this continuous entry and their considerable investments make the sector grow. Since eSports has launched into the public sphere, the industry is booming and its strengths will continue to propel the industry over the next few years.

Weaknesses:

The rapid growth in market numbers has led to a fragmentation of the sector and therefore roles not yet well defined. In fact, the domain of competence of the actors of the entire ecosystem sometimes overlaps or is sometimes not effective. All this causes decision-making imbalances, certainly to the advantage of publishers who have full autonomy over the game, but also disciplinary interventions that are not shared and at the discretion of the event organizations. It is clear that these problems are the symptom of the lack of an officially recognized global unity that judges the evolution process of the entire sector.

Another aspect that undermines the dignity of the sector concerns professionalism. There are many participants in the games, but there has been little progress in creating a formal development or training path. This has led to a lack of education around professionalism among gamers. Professionalism has been a key component of every single occupation. Likewise, sportsmanship has made sport more popular and influential. But professionalism is acquired above all if the gamer acquires a certain professional dignity, which must be guaranteed by a series of legal interventions that protect the player's profession. Professionalism and fun go hand in hand in many aspects and are intrinsically linked. However, many are involved in entertainment and forget the importance of always being professional. The code of conduct states that players must observe the highest standards of personal integrity and of good

sportsmanship and not undertake any activity or practice that leads them to discredit or public scandal. A commission with clear jurisdiction is also required to investigate alleged violations of official rules and enforce discipline for any violations.

Industry supervisory regulations have also been slow to develop. The main issues arising from this lack of infrastructure concern employment contracts, membership, travel, health, safety and competitive seasons. All aspects that sports professionalism needs. This lack of regulation has even resulted in players not getting paid.

Cheating is also a problem that has emerged and is feeding itself: for example, a player who plays under the name of another to increase his ranking, algorithms for facilitation, the use of drugs and match-fixing for issues related to betting. Add to this the problem of doping which in eSports actually seems to have always been present, ever since they began to grow in popularity.

While esports have exploded, there are still some issues to be addressed. The lack of instructions and safeguards has been an obstacle for some traditional sponsors and sports companies.

Opportunities

Professionalism has just been raised as a problem within the ecosystem. Gamers spend most of their careers in front of a computer, not in front of a crowd. Additionally, they may have even been awarded for explosive and unprofessional behavior while streaming by enthusiastic fans. Establishing training and education programs around their new status as role models and clarity on the consequences for unprofessional behavior is a huge opportunity for the entire ecosystem. By creating development paths and structured e-sports programs in schools, participation will continue to grow and increasingly structural and efficient games will be created. All the enthusiasm that involves the entire sector will be exploited. Having a broader participation base will raise the level of play and continue to improve the fan experience, in parallel with technological evolution. Training structures are beginning to appear to govern the younger generations for careers in sports, not only as gamers but also training other professional figures who cover other roles within the ecosystem, such as manager, psychologist, etc.

Due to the lack of infrastructure and wages for the professional team, players are always looking for new ways to monetize. These players also come from the most technologically advanced generation. Enthusiasts wish they could trade their virtual goods in games for a digital currency. Betting could also lead to further monetization. Furthermore, it is an opportunity to be seized that can give a further boost to the entire sector regarding cryptocurrencies. Blockchain technology can improve gaming transactions around the world, ensuring transparency and

security. However, being still at the beginning and in general the technology is not yet perfectly regulated, we must be cautious.

Since this is a sector that is still in its infancy, with an estimate of a definitive explosion in the next 6-8 years, there is an opportunity to educate a completely new audience and enter university contests.

Threats

As a result of a global fan base, it is difficult for sponsors to target specific markets. Sponsors unsure of how to get involved, or unsure of not seeing a return on their investment, may turn down the opportunity to participate in the industry's growth drive. There are also so many games that fall under the extremely broad term of eSports, creating a very segmented and widespread fan base.

While some games, such as League of Legends, have been around for some time and appear to have consolidated, the industry is very volatile. As computer graphics and design continue to improve and new games are released, such as Fortnite, any game can lose popularity at any time. This means that players also need to be versatile, adapt to new games and specialize.

Esports have a reputation for encouraging sluggish health and fitness habits like eating poorly, sitting in a chair, staring at a computer screen for many consecutive hours. This is a public relations problem for the industry, which, along with many violent gaming themes, turns out to be a threat.

SWOT Observation

The study has put an emphasis on objectively studying the phenomenon and taking into count all the strengths, weaknesses, threats and opportunities.

The study result is that Esports is a new phenomenon and that it needs more experienced management or more time to define the credibility of the competitiveness in electrical games to the general public. The market has shown tremendous improvements over the last five years, however it is a risky investment as the customer's needs haven't been discovered yet and the community tends to be very active on social media and public news. These threats considered, the opportunity is keen as the market prize to own an organization or be involved in the market, didn't reach its peak yet. The thesis identified that Esports most important advantages are broadcasting and new games on the market. Broadcasting (twitch.tv) is the reason why Esports got media visibility and increasing numbers in viewership, table.2 confirms that twitch.tv viewership increased from 2012 to 2015 four times more. New

market/new games, the gaming industry has a marketable advantage, as every month, new games are being published and with the current strategy gaming companies are pushing 'extra' product, which prize can range from ten of dollars to tens of thousand, (steampowered.com, <https://steamcommunity.com/market/>) with every game on which the companies generates revenues. The betting market in esports is also experiencing a free roll, as governments haven't yet made any laws to regulate the betting market and the government might do so, as underaged kids are often 'victim' of these gambling websites. After some regulation however, the betting market will probably experience a small decrease as many potential customers could be lost.

4.4 Main Drivers

Having conducted the SWOT analysis allowed an in-depth analysis of the context, in order to define strategies. The first step is to look at the strengths and understand how they can use the points to take advantage of opportunities. So, look at how the strengths can fight the threats that are in the market. But also how external opportunities can help fight internal weaknesses. The effectiveness of the analysis, therefore, depends on the possibility of carrying out a cross-reading of the factors identified when deciding the lines to follow to achieve the set objectives.

The esports environment looks promising as a whole, but certainly not affected by problems or complications. In addition to forecasts or economic trends, starting from the SWOT analysis, we focused on some drivers that will turn into obstacles, challenges or opportunities towards the development of the sector. These drivers are each traced back to the subject of the ecosystem that governs them.

Games Publisher

Game diversity: These are mainly the different types of games. The thing that unites the different games are the very high levels of complexity and playability: the greater the complexity, the more fundamental the strategy and mental and physical ability of the players.

Ownership of rights: concerns the rights to the contents of e-sports: ownership rights of the game, transmission of the contents if the publisher is also the organizer, exclusive rights on the performance of professional teams. As seen in the previous

chapter, the economic dynamics that make the value chain sustainable are defined in relation to exploitation rights. All the relationships and economic flows that derive from it originate in the publisher of the games, as the owner of the game and therefore the holder of full decision-making autonomy

Event Organization

Geographical positioning: on a global, national and local scale to achieve higher advertising revenue (the only one is League of Legends). Events require the support of sponsors and sports associations. But even more relevant is the issue of broadcasting rights, which the organizers receive as the transmission channels, streaming or traditional, economically exploit the organized event. Depending on the extent of the event, national or international, the compensation for the economic audiovisual use of the event itself changes.

International Federation

Organizational aspects: there are many smaller organizations trying to unify the world of esports. It is necessary to define a single international organization with well-defined roles and objectives, recognized globally, which first establishes which games are competitive and which are not, rules and eligible issues and which deals with legal and organizational issues to protect the professionalism of the sector. The IeSF has already undertaken this goal: to negotiate and unify all the countries of the world. The consolidation of the IeSF would allow the decisions taken to be shared.

Competition regulations: identification of sets of game specifications and parameters to define algorithms capable of measuring game activity both to detect manipulations and tricks and sanction them, and to improve performance. Process that requires considerable technical skills and that is shared and uniform. The methods of participation in competitions must also be shared and uniform, and above all the disciplinary and sanctioning framework. Also very important is the aspect relating to the approval or not of the changes that publishers can make to the game itself.

Furthermore, supervision of the proper conduct of competitions must be ensured. This is still an unregulated area, hopefully without government intervention which could be drastic and not evaluate future results. In fact, a collaboration between federations and publishers would be better for the entire sector.

These are, therefore, the main drivers that guide the sector and on which the definitive consecration of e-sports depends. It is important to find the right formula for the coexistence of the various actors, who must have a clear understanding of their mission. Operate in order to make the most of the opportunities that the sector offers and addressing the problems that are present today and represent a risk to the consolidation of e-sports. Precisely on these we need to focus and work, because they are not yet fully defined. Almost all of them are still premature, mainly those who should be headed by an international federation. This confirms the governance problems of the sector, as there is still no globally recognized international federation.

4.5 Business Model Canvas

Defining a business model is an operation that is done when:

1. Threats arise from outside
2. There are needs that need different support
3. The dynamics of the system are slow and not very fluid.

Regardless of what the scope of the activity in question is, to be successful you must create value for customers. And it is precisely for this reason that the first document you need, the one that will help you in strategic planning, is a map of the Business Model. In fact, this can be understood as the operating system of a company, unlike the individual processes that represent its programs and applications.

The business model is essential for any successful organization, regardless of whether it is a new business or another entity. It can be considered a story that explains how companies work (Magretta, 2002).

Business Model Canvas (BMC) was defined by Osterwalder and Pigneur, in 2010. It consists of nine blocks that cover the four main areas of a company: customers, offer, infrastructure and financial aspects.

1. Clients
2. Offered Value
3. Channels
4. Relationship with Customer
5. Revenue flows
6. Key Risers
7. Key Activity
8. Key Partner
9. Cost Structure

The essence of a business model, therefore, lies in defining how the firm provides value to customers, attracts them and convinces them to recognize this value by making them willing to pay for it, and ultimately converting those payments into profits. . The goal is to appropriate the value created. It therefore reflects the management of the activities necessary to guarantee what customers want, how they want it. The company organizes itself to best meet these needs. The Canvas is a tool that operates in a rather simple regime: it contains objects, concepts and their relationships and expresses the logic behind the business. In this way, it is possible to evaluate how the business is conceived with respect to added value, customer relationships, the creation process and financial aspects.

The Business Model Canvas is not just about profit-seeking organizations, but non-profit organizations as well. If the organization creates, delivers or captures value, it has its own business model. In this era, each business model does not last as long as before and those who want to innovate are not limited to existing visions (Kaplan, 2011).

The Business Model, to be structured, requires questions for each block. These questions are necessary to then define the business model of the international federation and subsequently of the new business model of game publishers. In particular, these are all questions to ask in order to understand the positioning and the change in game publishers.

8. Key Partners	7. Key Activity	2. Offered Value	4. Relation with client	1. Client
<p>Who are the key partners?</p> <p>Who are the key suppliers?</p> <p>What resources are they buying from their partners?</p> <p>What activities do our partners carry out?</p>	<p>What key activities are required by your value offering?</p> <p>Which from the distribution channels?</p> <p>Which ones from the relationship with the customer?</p> <p>Which ones to capture the value created?</p>	<p>What value is created for the customer?</p> <p>What problem are we solving for the customer?</p> <p>What product / service is offered for each segment?</p> <p>What customer needs are met?</p> <p>What is the minimum value of the product?</p>	<p>How do we manage the customer?</p> <p>How do we acquire other customers?</p> <p>What relationship did it establish?</p> <p>How did they integrate with the rest of the business model?</p> <p>How much do they cost?</p>	<p>For whom are you creating value?</p> <p>Who are the most important customers ?</p> <p>What kind of customers are they?</p>
6. Key Risks		3. Channels		
	<p>What key resources are required by your value offering?</p> <p>Which from the distribution channels?</p> <p>Which ones from the relationship with the customer?</p> <p>Which ones to capture the value created?</p>	<p>What is the minimum value of the product?</p>	<p>Through which channels are customers reached?</p> <p>How do other companies reach them?</p> <p>Which tool is more effective? Which tool is more efficient?</p> <p>How are they integrated with the client's routine?</p>	
9. Cost Structure		5. Revenue Flow		
<p>What are the main costs to be incurred for your business model? Which resources are the most expensive? What activities are the most expensive ?</p>		<p>What is the value that customers are really willing to pay?</p> <p>What is the revenue model? What are the pricing strategies?</p>		

Table 9: Business Model Canvas
Source: compiled by author

4.6 Problematic aspect of E-Sport from the outside perspective

One of the problems that esports was facing is the question 'How Serious is E-Sports' (this was one of the questions in the bachelor thesis)? We have an answer and it is serious sport, as now due to the Pandemic it was one of the only sports which was not effected by it and all the betting companies in the world opened a slot for esports in order for their business to survive. The answer for this question is simple, it is the same as with any sport, how can I enjoy hockey if I never have seen it before? I don't know the rules, besides, have no knowledge of the game, therefore I probably won't enjoy it as a Hockey fan. An example most hockey fans don't actually play hockey and it is the same with esports an interesting study states that 42% of viewers of esports don't actually play the game that they are watching, that indicated that esports is truly a spectator entertainment. (<https://www.kotaku.com.au/2017/05/survey-42-per-cent-of-esports-viewers-dont-play-the-games-they-watch/>) With every new 'phenomenon' there comes speculations and thoughts of doubt, therefore it is expected that media or people will have negative opinions about esports. But not all media are seeing things as for example ESPN is the biggest sport media in the world and it has taken interest in E-Sports in 2013. Nowadays ESPN holds early awards such as the Best Player of the year, which is the equivalent of the Golden Ball of FIFA. Other awards like best moment of ESports of the year and many others.

NBA players like Shaq O'Neal and Rick Fox are co-owners of ESports organizations and actively bring up news about E-Sports in the NBA, because NBA and ELeague (Counter Strike Global Offensive league) have signed a partnership in late 2015.

Another counterpoint to the question asked 'How Serious is E-Sports'.

We can use for example the numbers of how much Price Money Increased in the Esports Business. We can see that it increased more than 200x since 2000, and these numbers go only to 2012, because the current business is a multibillion and increasing.

The below shows the numbers of tournaments and prize money for each years from 2000-2018.

YEAR	Tournaments	Prize Money
2000	50	\$672,539.19
2001	50	\$858,123.17
2002	49	\$892,982.82
2003	127	\$1,615,548.50
2004	195	\$2,351,340.89
2005	274	\$3,933,652.65
2006	331	\$5,031,320.97
2007	393	\$6,774,207.29
2008	462	\$6,932,490.75
2009	592	\$3,736,552.25
2010	871	\$5,831,375.12
2011	1579	\$10,105,633.71
2012	1886	\$13,829,930.99
2013	2245	\$22,055,058.98
2014	3024	\$37,138,908.33
2015	5054	\$66,453,122.30
2016	4250	\$97,078,769.45
2017	3868	\$112,211,155.69
2018	347	\$11,245,550.96
2019	5433	\$235,593,105.34
2020	4179	\$115,385,385.30

Table 10: Prize Money

Source: Compiled by Author using data from <http://www.esportearnings.com/>

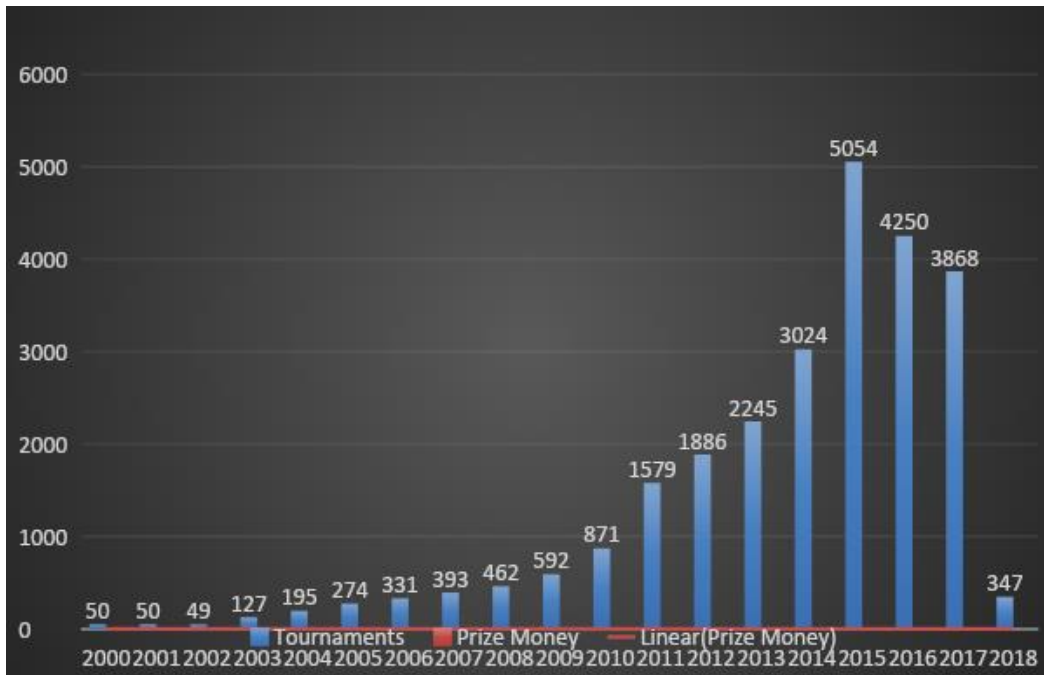


Figure 8: Upward trend of increase of Tournaments through the years
 Source: Compiled by author based on the data from <http://www.esportearnings.com/>

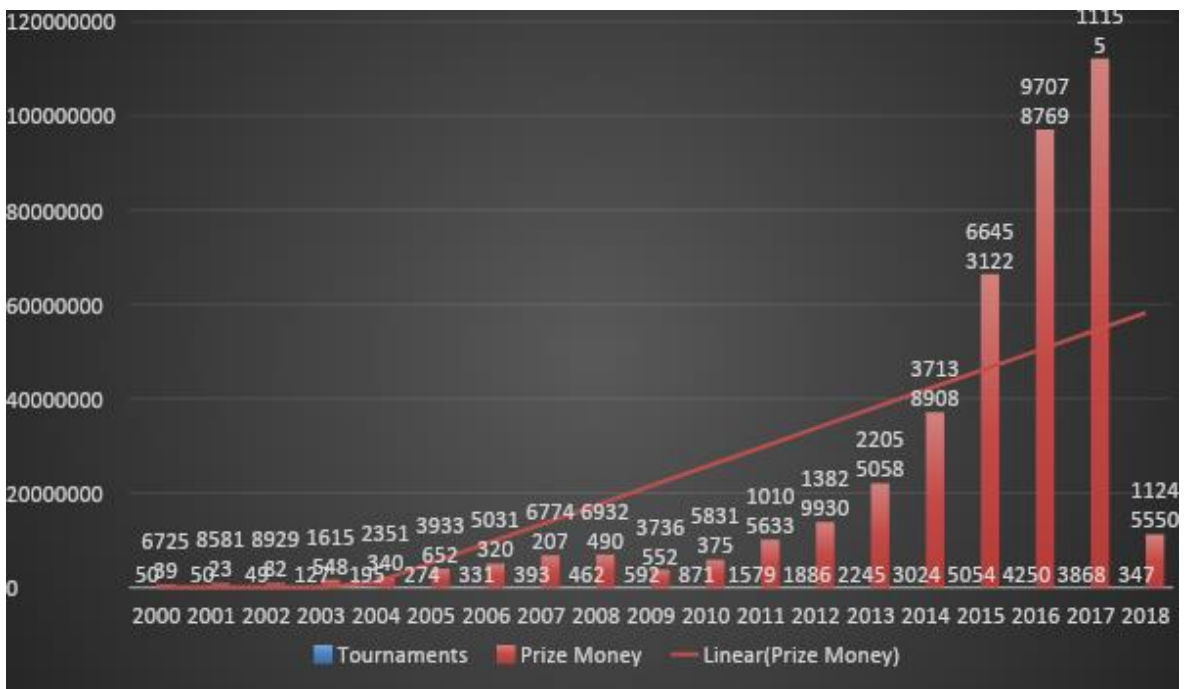


Figure 9: Upward trend, increase of prize money through the years
 Source: Compiled by author based on the data from <http://www.esportearnings.com/>

The table shows us that the esports industry has been growing massively each year. In 2000 there were a number of 50 tournaments and overall prize money through the year in all competitions was estimated to be, 672,539 USD, in 2003 the tournament number was one

number lower, 49 but the prize money increased almost three times more to, 1,615,548 USD. In the table it's clearly visible that the prize money has been increasing every year, last year, 2017 it has peaked to a total number of 112.211.155 USD. This amount of money involved just for prize money in competitions, shows that esports is a serious entertainment, it has its own infrastructure as any other athletic sport team, where organization involves professionals from over all sectors to help to develop balance between a organization and player as in the past there have been bad experiences with organization taking advantage over the player.

5. Conclusion

The main question has been how serious is Esports and will it survive in the long run? As established at the beginning of this thesis, the main focus was to observe the phenomenon Esports, its strengths, threats, opportunities and weaknesses in order to do that, the study emphasized on the known literature to therefore use as knowledge. They made analyses to focus on viewing the organizational structure and broadcasted tournaments and its customers and the future longevity of the phenomenon. The study has used trend analysis to test this theory. Trend Analysis shows that in 2014 prize money in Counter Strike Global Offensive has been estimated at 250,000 Dollars and in only 2 years it has increased to a total number, 750,000, reaching a total number of 1,000,000 Dollars. The Trend analysis also established that prize money in tournaments will increase in 2018 of a number 705.000 Dollars, reaching a total number of 1.705.000 dollars.

The use of analyses enabled the thesis to determine that Esports will keep to increase its prize money and revenues in the future. Viewership count will also keep on increasing as the table.2 shows, viewership in 2013 peaked 2.3 million and in 2015 13.5 million of viewers on twitch.tv, however globally in 2012 it peaked to 58 and in 2014 it peaked to 89. The Estimated market in 201 in Esports is to be 612 million of Dollars and in 2012 it was estimated to be 2012, 130 million of Dollars. (ESPN, 2015)

Esports have shown massive growth over the years, but it has weaknesses and it could be potentially a risky investment without the knowledge of the market and its customers, on the other hand it has a massive potential to grow and initial investment should not be so high as in any other professional sport as Esports players require less equipment investments, no need of a stadium or a gym. Esports and the gaming industry has unlimited potential as Don Quixote once said 'The sky's the limit' and with such a global and vast market, anyone can become an investor, journalist, merchandize designer or anything if the person of interest will have the determinate knowledge. The Study concludes with the statement; Esports is a trend that will keep at increasing its viewership and revenues, diminishing its risks and with improving of the technology, regulations as it will stabilize the Esports market

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