

THE GUIDE TO ESPORTS



Final Season LVP - Liga de Videojuegos Profesional

ISFE Esports developed this paper with the support of the Entertainment Software Association (USA), the Entertainment Software Association of Canada, the Interactive Games and Entertainment Association (Australia and New Zealand), and the Interactive Software Federation of Europe, to help the understanding of the phenomenon of video game competitions, also known as 'competitive gaming' or 'esports'. For the first time, associations representing the video games industry, video game creators (publishers and developers), and stakeholders of the esports sector have analysed the scale of this growing economic activity to inform policymakers, regulators, institutions, and the public about what esports are, ensuring decision-makers are informed and facilitating a dialogue with the industry.

Esports generated revenues of USD $947.1 million in 2020[01] . It is estimated that there are over 215 million esports enthusiasts worldwide[a]. Although the video game industry is entering its fifth decade of existence, and people have been playing video games competitively for almost as long, the esports sector is still in the early stages of development. As such, it is growing at a very rapid rate, offering huge opportunities for job creation, economic growth, tourism, education, and the development of digital skills.

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a Games and esports analytics firm Newzoo defines "enthusiasts" as people who watch professional esports content at least once a month.



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UNDER-STANDING COMPETITIVE GAMING

Millions of people around the world follow video game competitions or “esports”. In South Korea they have become a form of national entertainment broadcast on television and regarded as a strategic industry at government level[02]. In the former coal mining city of Katowice, Poland, esports events have helped to revitalise the city into a developing metropolis, making it the European “Mecca” for these types of competitions[03]. In the United States, among many other countries, they have been added to high-school and university syllabi and varsity programmes. In the United States alone, there are more than 200 varsity esports teams.[04]

Since their early stages, esports have made a great deal of progress. Led by some of the most successful creative companies in the world, the competitions of the most popular video games are staged in world-class arenas, watched by millions, and backed by global brands. The professionalisation of teams and the rapid growth of tournaments and leagues have led esports to become a fast-growing new form of popular entertainment.

The phenomenal rise of esports is an example of how the video games industry has adapted to evolutions in technology and innovation – from multiplayer in the home to worldwide real-time competitive play over the Internet facilitated by the roll out of high-speed broadband and the advent of digital streaming platforms.

This paper will explore these topics in more detail and try to answer questions about how the sector can be developed in the best way possible, and about the challenges ahead.

ESPORTS EXPANSION AND THE INTERNET

Fast technological progress is inherent to esports. The development of new titles, gaming platforms and technologies (like live video streaming) help to explain the successive evolutionary leaps forward that the sector has experienced.

Among all the technological advances that have impacted its development, the availability and adoption of fast reliable broadband Internet is probably the most important of all: online playing and broadcasting have driven the growth of esports, allowing widespread competitive practice, talent scouting, community engagement, and content creation and consumption. Latency or an unstable Internet connection can have a significant adverse impact on competitive gameplay, which can be particularly problematic for local grassroots and amateur communities, which rely the most on online tournaments.

It is no coincidence that the regions that enjoy the fastest Internet connectivity are also today's most esports-friendly markets – Eastern Asia, Northern Europe, and North America.[05]

1.1.

What are esports?

Esports are leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in-person or online, for the purpose of entertainment, prizes, or money. They are part of the video game industry and sometimes referred to as “competitive gaming”, “organised play”, “egaming” or “pro gaming”. This activity is structured: competitions are set up by an organiser for a specific game, have a concrete tournament format and rules, and are competed in by teams or players according to a selection or registration system. This structure is what differentiates esports from general video gaming, which can be enjoyed as a casual hobby or pastime.

When talking about esports, the image of stadiums packed with fans cheering international stars easily comes to mind. But that does not provide the full picture. Esports can be played at a professional or amateur level, at international or local events, in person in a venue or at a studio, or purely online from home or anywhere with an Internet connection. These categories are not necessarily exclusive: some esports tournaments can accommodate both professional and amateur players, can cater to a local and an international audience, and/or can mix online and in-person competition.

In most cases, esports involve the creation and distribution of video content, mostly through live streaming or broadcast. This video content can be home-made by the players themselves from their own homes or be part of a super-production multicast on a par with any world-class entertainment event … or anything in between!

Esports do not have a single nature. Just as people do not compete in “sport” but rather in tennis, football, or athletics, each video game is essentially its own specialism. Just as there are varying levels of professionalism and a plethora of competitions in each of the aforementioned sports, these are also found in esports, with video game players competing in the Overwatch League, the League of Legends European Championship, the Rainbow Six Spain Nationals, or any number of other professional or amateur tournaments organised across the globe.



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Without video games, there would be no esports. These games are at the centre of the esports phenomenon. As creators and owners of the games driving global esports growth, video game publishers are uniquely positioned to define the parameters of how their games are best used in the marketplace. Esports competitions harness creative works that are protected by copyright and other intellectual property rights[b], i.e., the video games. This is a characteristic present in some competitive endeavours (for example, card and board games such as Magic: The Gathering or Catan) but not in others – no one owns football, or bowling, or the game of rock paper scissors, but someone does own the intellectual property rights to the video games being played in esports. These rights must be respected, in particular in any commercial exploitation or use, and for this reason organisers of esports tournaments must obtain authorisations and licenses for the video games they wish to use in connection with their tournaments from the holders of the intellectual property rights concerned.

Esports include dozens of titles played in a variety of different tournament formats or competitive structures. Because of this diversity, different competitions cater to different audiences: from very competitive players to social players or just fans coming together for the game they love, the teams they cheer for or the stars they identify with. Esports are part of a much broader trend around the social and group enjoyment of video games.

ESPORTS CAN BE PLAYED AT A PROFESSIONAL OR AMATEUR LEVEL, AT INTERNATIONAL OR LOCAL EVENTS, IN PERSON IN A VENUE OR AT A STUDIO, OR PURELY ONLINE FROM HOME OR ANYWHERE WITH AN INTERNET CONNECTION

b Intellectual property rights (“IPRs”) are predominantly copyright, neighbouring rights, and trademarks, but also include patents and trade secrets.

WHAT MAKES A VIDEO GAME A SUCCESSFUL ESPORTS TITLE?

All esports titles are video games, but not all video games make it into esports. A 2020 list[06] found 1,181,019 video games available across the existing major gaming platforms and distribution systems. But the number of successful esports titles is far smaller, possibly less than one hundred (see next point). What makes a video game a good esports title?

There is no straightforward answer, but it probably includes a mix of solid and balanced competitive mechanics, the right learning-curve (summarised in the popular motto “easy to play, hard to master”), an attractive and easy-to-follow presentation for viewers, and a set of services for players, tournament organisers and broadcasters (online multiplayer and content creation tools and APIs, among others[c]). In addition, many publishers of esports titles (and video games, generally) continually update the title’s content and game mechanics to keep the players’ experience fresh and engaging and to help the game stand out in a crowded marketplace. This continual influx of new content underscores the key role of publishers in not only creating but sustaining these dynamic worlds. There is no secret recipe, and even ambitious multiplayer games can fail in their quest to become successful esports titles.

Sometimes, video games develop esports competitions over time because “they have what is needed”. Many times, it is a deliberate effort by their creators, one that is intentional, consistent (from design level to marketing) and sustained over time. According to Ubisoft’s former Rainbow Six brand director Alexandre Remy “when you do aim for a competitive game, it brings a level of discipline in the design mechanics and the tech that ensures that you have a game that’s as solid as possible in its foundations”, while global tournament operator ESL considers Ubisoft’s continued support a key component “for people to have a sense of security and longevity that makes them invest their time.[07]

c Some examples of multiplayer tools are ranked matchmaking (to pair players and teams of similar level so that beginners do not get paired with experts) and private matches (to be able to play with and against specific players or teams versus these being randomly assigned). Content creation tools allow for the possibility to broadcast and record games, e.g. spectator mode, replays, etc. Among other things, APIs (Application Programming Interfaces) allow the automated gathering and display of a game’s data (stats, results, etc.).



1.2.

Esports genres and titles

As already stated, players do not "compete in esports" but in organised competitions, such as leagues and tournaments, for specific video games. For some less familiar with the industry, the word "esports" carries the connotation of sport simulation video games, but many of the most popular esports titles have nothing whatsoever to do with sports.

Video games can be classified in different ways, such as by the systems on which they are played (console, PC, mobile phone, etc.) or by the number of players that can play the game (single player and multiplayer games). But perhaps the most useful way to classify video games is by their genre. There are several genres in video gaming. Some have been present since the very beginning (adventure, fighting, shooters and sports, among others), while others are very recent (e.g. auto battlers and battle royale games). Although video games sometimes combine elements of different genres[d], it is still the most informative way to get an approximate idea of how a game looks and is played.

Although only a handful of video games or franchises[e] have generated global competitive circuits and audiences, all the genres presented here have several titles that enjoy healthy esports communities and competitions in different parts of the world. Here are some of the most popular genres and titles/franchises in esports:

d For example, first-person shooters (FPS) like Valorant or Overwatch have character abilities like those seen in MOBAs, while some battle royale titles can be played in first-person, making their game mechanics similar to FPS video games.

e In the video games industry, a "franchise" is a set of video games belonging to the same series or universe for intellectual property purposes.

MOST POPULAR GENRES IN ESPORTS

Multiplayer Online Battle Arena (MOBA)
Team-based strategy games where each player controls a character with unique abilities.
Examples: Arena of Valor[f], Brawl Stars, Dota 2, Heroes of the Storm, League of Legends, Smite, Vainglory.

Shooters
Games based on gun and other weapon-based combat from a first-person perspective (FPS) or from a third-person perspective where the player's perspective is behind and slightly above the game character.
Examples: *Call of Duty, Counter-Strike, CrossFire, Halo, Overwatch, Rainbow Six Siege, Valorant.*

Battle Royale (BR)
Games where a large pool of players or teams compete to be the last one standing.
Examples: *Apex Legends, Fortnite, Free Fire, PlayerUnknown's Battlegrounds.*

f Known as Honor of Kings in China.

Digital Collectible Card Games (DCCG)
A type of online card game based on strategic deckbuilding.
Examples: *Hearthstone, Legends of Runeterra, Magic: The Gathering Arena.*

Real Time Strategy (RTS)
Strategy games that allow players (usually 1 vs 1) to simultaneously play the game in "real-time" (versus turn-based strategy games like chess).
Examples: *Starcraft 2, Warcraft III: Reforged.*

Fighting Games
Games built around close combat between a limited number of characters, in a ring-like area.
Examples: *Brawlhalla, Dragon Ball FighterZ, Injustice, Mortal Kombat, Street Fighter, Tekken, Virtua Fighter.*

Rhythm and Dance Games
Music-themed video games that challenge a player's sense of rhythm. They typically focus on dance or the simulated performance of musical instruments.
Examples: *Dance Dance Revolution, Just Dance.*

Sports Games
Video game simulations of sports.
Examples: *FIFA, Madden, NBA 2K.*

Racing Games
Video game simulations of motorsports.
Examples: *Asseto Corsa, DiRT, F1, Forza Motorsport, Gran Turismo, iRacing, MotoGP, Project Cars, TrackMania.*

Auto Battlers
Strategy games in which players tactically build and place in a chess-like grid opposing armies, which then fight without any further input from the players.
Examples: *Auto Chess, Dota Underlords, Teamfight Tactics.*



NEW GENRES AND NEW TYPES OF COMPETITION

Because video games are a constantly evolving creative medium, the mixing of and experimentation with different game mechanics and genres has sometimes changed our understanding of genres or led to the creation of completely new ones.

For example, Supercell's Clash Royale is a DCCG and tower-defence hybrid, while Psyonix's Rocket League is sometimes considered to belong to the sports genre, although its formula ("soccer" with rocket-powered cars) makes for a decidedly unrealistic "sport". Recently, we have seen the emergence of two new genres that have already become very popular in competitive video gaming, battle royale games (popularised around 2017) and auto battlers (2019).

But this creative impulse is not limited to new genres or games. Sometimes, established games produce new competitive formats beyond esports that are conquering audiences. For example, Electronic Arts' long-established life-simulation video game franchise The Sims has adapted the television talent show format to video gaming with The Sims Spark'd, a reality TV game show that presents a diverse cast of competitors thanks to the inclusiveness and low entry barrier of this popular video game franchise.[08]

1.3.

The presence of esports around the world

As we have seen, esports is a very varied sector involving a myriad of video games, catering to different types of audiences, with different tournament formats or competitive structures. For this reason, we cannot properly speak of one esports ecosystem, but must instead speak of many.

It is important to note that video games may have a distinct geographic presence and that their popularity as esports varies in different territories. For example, fighting games make hugely popular esports titles in Japan and the United States, but are considered niche in Europe. FIFA is one of the most successful video game franchises, but the game played in Europe, Oceania, and the Americas (FIFA 20, FIFA 21, etc.) is very different from FIFA Online 4, the PC-only game played in most of Asia.

Mobile game Free Fire broke audience records in 2019 and 2020 in Latin America and Asia, while there was a very small audience for the game in Europe. The reasons why some titles are more popular in some places than in others are varied. Video games are commercial products, and as such may not be distributed in all territories, or not be uniformly marketed, or may lack essential online infrastructure in regions without a suitable market penetration for that particular game or company, among other commercial considerations. But sometimes, the causes are more subtle, like distinct video gaming cultures.

The penetration of esports also varies around the globe. Although the biggest esports market audience-wise is the massive Chinese market, North America has a higher penetration of esports than any other region, compared to its population. But even on the same continent, the penetration of esports can vary significantly in different territories. For example, Spain has one of the highest penetrations by ratio of fans of any European market[09]. Consistently, Spain has one of the most developed national esports scenes in Europe, with a varied and extensive list of amateur, top-level, and professional competitions.

IT IS IMPORTANT TO NOTE THAT VIDEO GAMES MAY HAVE A DISTINCT GEOGRAPHIC PRESENCE AND THAT THEIR POPULARITY AS ESPORTS VARIES IN DIFFERENT TERRITORIES

NUMBER OF ESPORTS ENTHUSIASTS PER REGION

Region	Enthusiasts (a)	% total population (b)
North America	18.2M	4.93
Latin America	18.3M	2.80
Europe	29.2M	3.90
Middle East and Africa	15.3M	0.90
China	88.0M	6.09
Rest of Asia and Pacific	46.4M	1.55
Global	**205.4M**	

Source: Newzoo (a); based on Newzoo and Worldometers.info data (b).



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SPAIN: A REGIONAL POWERHOUSE

Spain has powerful domestic tournament organisers, such as LVP and GGTech, and also enjoys the presence of international organisers such as DreamHack and ESL. Spain has hosted several world-level events, such as the League of Legends World Championships, the League of Legends All Stars, the Rocket League World Championships, the FIFA Interactive World Cup[g], plus several continental-level events. It was in Spain where PlayStation's competitive circuit, the PlayStation League, was initially conceived and launched. Since 2018, esports teams union ACE, the only one in a European country, has been representing over a dozen professional teams. Also, and a first in Europe, Spain's three largest telecommunications companies (Movistar, Orange, and Vodafone) started sponsoring teams and competitions in 2016. This opened the door to many non-endemic sectors entering esports in the country: sportswear (with brands such as Nike, Lotto or Kappa), body care (H&S, BIC Flex or Diesel Only the Brave), food and beverages (Domino's Pizza, Chips Ahoy!), insurance (Mapfre), and even professional services brands (Sogeti).

The reasons for Spain's successful esports profile are varied, but we can highlight a suitable regulatory environment for skill-based competitions and clear tax rules for prizes, high coverage, and the availability of access to high-speed and low-cost Internet, a solid video games user base and access via the Spanish language to the Latin American market.

g Now the FIFA eWorld Cup.

1.4.

Esports principles

Esports bring together players with different places of origin, cultures, and outlooks. This broad, varied player base is one of the reasons why the sector has been so successful internationally.

Seeking to create an open, inclusive, welcoming ecosystem for everyone, whatever their gender, age, skill level, race, ethnicity, religion, and sexual orientation, the world's leading video games associations[h] agreed in November 2019 on a number of guiding principles applicable to all aspects of the global esports ecosystem.

PRINCIPLES OF ESPORTS ENGAGEMENT:

- Safety and well-being: All esports community members deserve to participate in and enjoy esports in safe spaces and to be free from threats and acts of violence and from language or behaviour that makes people feel threatened or harassed.

- Integrity and fair play: Cheating, hacking, or otherwise engaging in disreputable, deceitful, or dishonest behaviour detracts from the experience of others, unfairly advantages teams and players, and tarnishes the legitimacy of esports.

- Respect and diversity: Esports promote a spirit of healthy competition. Whether in person or online, all members of the esports community should demonstrate respect and courtesy to others, including teammates, opponents, game officials, organisers, and spectators. Esports is truly global and brings together players from different backgrounds, cultures, and perspectives. We believe the broad and diverse player base of esports contributes to its success. We support an open, inclusive, and welcoming environment for all, no matter one's gender identity, age, ability, race, ethnicity, religion, or sexual orientation.

- Positive and enriching game play: Esports can help build self-confidence and sportsmanship and boost interpersonal communication and teamwork skills. Esports brings players and fans together to problem solve through strategic play, collaboration, and critical thinking. Participation in esports can also lead to the development of new and lasting friendships among teammates, competitors, and members of the broader esports community.

These principles directly inform and impact the esports operations of the associations' company members, but more importantly, they aim to represent the whole esports sector.

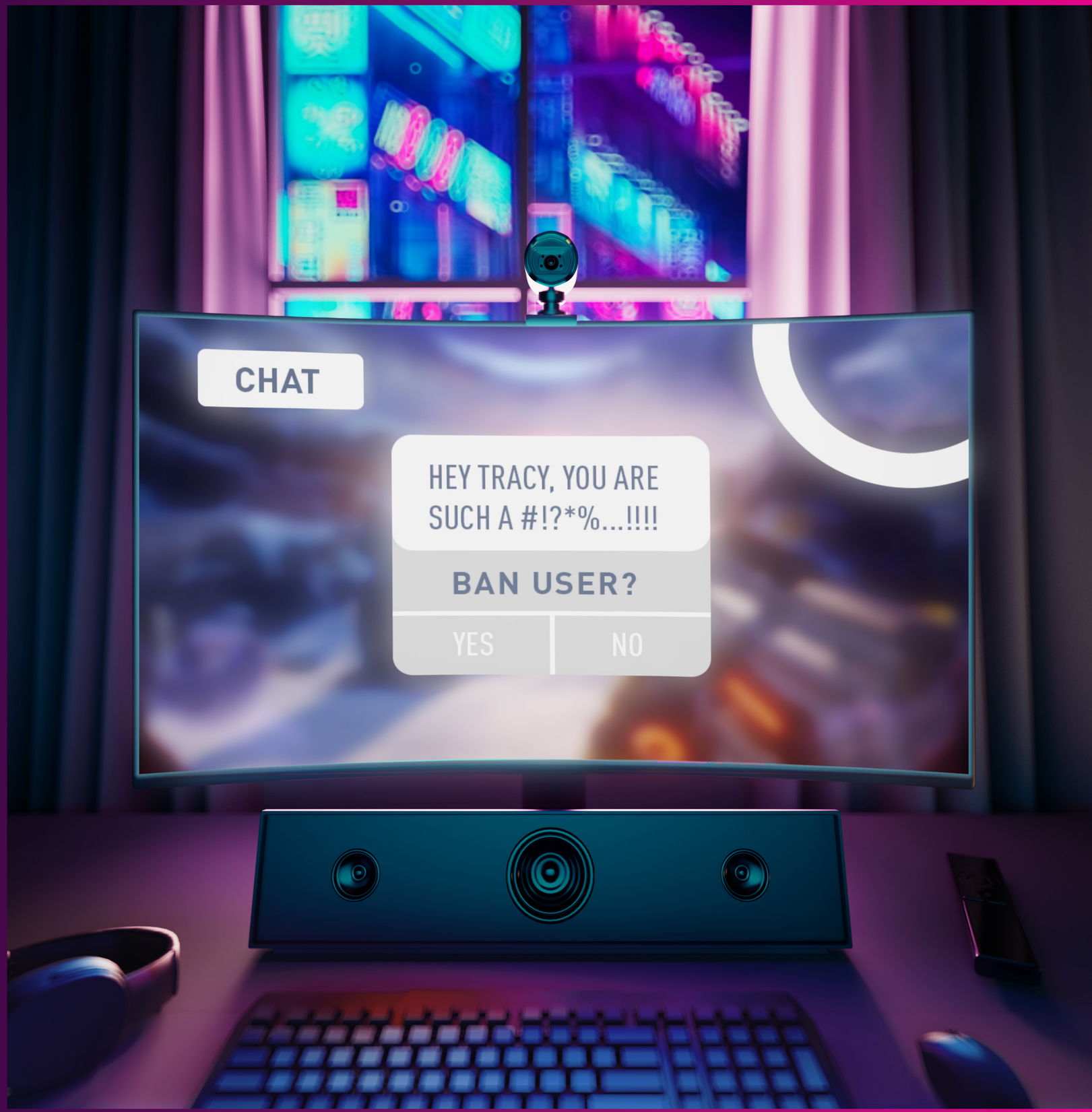
h The Entertainment Software Association (ESA; USA); the Interactive Software Federation of Europe (ISFE); The Entertainment Software Association of Canada (ESAC); the Interactive Games & Entertainment Association (IGEA; Australia & New Zealand); and Ukie (The Association for UK Interactive Entertainment). ISFE's national members in Belgium, France, Germany, Italy, the Netherlands, Poland, Portugal, Spain, Switzerland, and the Nordics have also co-signed these Principles.

PROMOTING A POSITIVE GAMEPLAY ENVIRONMENT

Creating a safe, positive, and inclusive online experience for all players is of the utmost importance to the video game industry. Video game publishers and console makers work collaboratively to promote civility, build community, and incentivise positive behaviour. The industry has undertaken several initiatives to create tools and self-regulatory programmes to protect player's privacy, create a safer environment, and promote the involvement of parents and carers. Examples include age ratings (PEGI, ESRB, IARC)[i], the PEGI Code of Conduct[j], parental control tools, privacy compliance programmes, community standards, reporting tools, filtering software, and automatic and human moderation. The industry also organises regular information and educational campaigns in a non-stop effort to keep the communities of their games and platforms safe and free of harassment.

For example, Electronic Arts' commitment to making their games' communities positive, fun, fair and safe places for all has led to a dedicated "Positive Play" team focused on ensuring that the principles of positive play are integrated across EA's products and services[10]. EA's broader approach to positive play across its business closely mirrors the Principles of Esports Engagement, with a focus on safety and well-being, integrity and fair play, respect and diversity, and positive and enriching game experiences. At the core is the Positive Play Charter, written with input from EA's player community, which lays out in four points the behaviour that players of EA's games expect from each other: (i) treat others as they would like to be treated, (ii) keep things fair, (iii) share clean content, and (iv) follow local laws. Possible penalties are also made clear, ranging from short-term bans or suspensions to permanent bans for recurring or severe offenders. "We won't tolerate racism, sexism, homophobia, harassment or any form of abuse. We can build better, healthier communities inside - and outside - our games, and that's what we are here to do", read the post announcing the Positive Play Charter[11].

Another example is the Esports Player Foundation, a national elite player development organisation based in Germany. Players in their support programmes receive in-game training, personal and mental coaching, dual career support and other services that are designed to lead to the best possible competitive career for highly talented players. The programme also includes education on how to serve as a positive role model, not only for esports fans and players, but also for more casual gamers. Successful and famous players have a high impact on the community, so positive attitudes are not only encouraged but are a condition for enrolment.



i PEGI and ESRB are used in Europe and North America, respectively. IARC is widely used for digital distribution and mobile apps.

j The PEGI Code of Conduct is a set of rules to which every publisher using the PEGI system is contractually committed. The Code deals with age labelling, promotion and marketing and reflects the video games industry's commitment to provide information to the public in a responsible manner.



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ESPORTS STAKEHOLDERS

2.1.

Who forms the esports sector?

Esports competitions are the result of the collective effort of five different types of actor, all of them essential to develop a fully formed ecosystem:

- Publishers[k]
- Tournament organisers
- Teams
- Professional and amateur players
- Fans and communities

PUBLISHERS

Publishers are companies that finance the development, marketing, and manufacture of video games, and are responsible for bringing those video games to market through their arrangements with distributors, retailers, and platforms.

Publishers typically hold the intellectual and industrial property rights to the video games they finance (and their franchises). This makes publishers the most significant voice in the way the competitive ecosystems of their games are structured. More importantly, in the process of producing a new title, publishers define its core characteristics – features, design, value proposition, etc. This "DNA" of a video game has an enormous impact in both enabling competitions and the way these competitions are or should be shaped.

Video games, and competitive titles in particular, are long-term investments: a title can take years to develop at considerable expense (in some cases, exceeding USD $100 million, with production costs constantly rising), and after its release, may need to be supported for years in order for the publisher to make a return on its investment. Competitive online games require publishers to operate and maintain a sophisticated network infrastructure for thousands (sometimes millions) of players, endlessly reworking, rebalancing, and adding new content to keep them updated, playable, and enjoyable, and constant player support and community management. This makes such games very expensive to create, market and maintain. For example, a major video game release budget is usually in the hundreds of millions of dollars. Intellectual property rights protection is therefore fundamental for the development and sustainability of the esports sector, as without publishers being willing to invest heavily in the development and maintenance of competitive titles, there would be no esports.

MAIN PUBLISHERS AND THEIR COMPETITIVE TITLES OR FRANCHISES

Activision Blizzard	Call of Duty, Hearthstone, Overwatch, StarCraft, Warcraft
Bandai Namco	Tekken, Soulcalibur, Dragon Ball, Project Cars
Electronic Arts	Apex Legends, EA SPORTS FIFA, EA SPORTS Madden
Epic Games	Fortnite, Rocket League
Microsoft	Forza, Gears of War, Halo
PUBG Corporation	PlayerUnknown's Battlegrounds
Riot Games	League of Legends, Legends of Runeterra, Teamfight Tactics, Valorant, Wild Rift
Sony Interactive Entertainment	Gran Turismo
Supercell	Brawl Stars, Clash Royale
Take-Two Interactive	NBA 2K
Ubisoft	Brawlhalla, For Honor, Just Dance, Tom Clancy's Rainbow Six Siege, TrackMania
Valve	Counter-Strike, Dota 2
Warner Bros.	Injustice, Mortal Kombat

k We could have included developers and video game platforms here. Although different in origin, these three actors have been converging. See the "Other Stakeholders – Developers and Platforms" box for more elaboration.

OTHER STAKEHOLDERS – DEVELOPERS AND PLATFORMS

A game developer specialises in creating video games. Developers take a concept for a game and turn it into a final product.

Many well-known developers are subsidiaries of, or fully integrated into, publisher organisations. In such cases, the intellectual property (IP) rights are owned by the publishers. In other cases, namely where a developer is independent of a publisher, IP ownership is established on a contract-by-contract basis, but in general, it is common for developers to assign their IP rights to publishers in return for access to funding, increased marketing capabilities, the publisher's distribution network, and other assistance.

Regarding video games platforms, these are hardware or online platforms for the distribution, installation, running, and updating of video games. All the major console manufacturers (Microsoft, Nintendo and Sony) also act as publishers, and many publishers have their own in-house development studios and have created their own distribution and online video gaming manufacturers (Microsoft, Nintendo and Sony) also act as publishers, and many publishers have their own in-house development studios and have created their own distribution and online video gaming services.

TOURNAMENT ORGANISERS

While some esports tournaments and events are organised by the publishers themselves (including some of the biggest ones), many are organised by third-party promoters or tournament organisers.

Tournament organisers design and produce video game competitions, amateur or professional, and they do so in line with the terms and conditions set by the publisher for each video game, having a contract or having obtained from the publishers any relevant licenses or authorisations required to organise or broadcast each competition. Sometimes, these licenses or authorisations are general, but they usually take the form of private contracts in which the publisher and the tournament organiser establish how the publisher's intellectual property is to be used, the territorial scope of the competition, the terms and conditions for its public communication, and any other points deemed necessary.

SOME INTERNATIONAL TOURNAMENT ORGANISERS

Company	Country of origin
AfreecaTV	South Korea
Beyond the Summit	United States
BLAST Entertainment	Denmark
DreamHack	Sweden
ESL	Germany
EPICENTER	Russia
Esports Engine	United States
Gfinity	United Kingdom
Liga de Videojuegos Profesional (LVP)	Spain
ONE Esports	Singapore
PGL	Romania
Starladder	Ukraine
VSPN	China

Typically, tournament organisers run multiple tournaments and leagues, usually spanning different video games and levels of competition (professional, amateur, or casual). For example, the global tournament organiser ESL stages, among many other competitions, the Intel Extreme Masters, ESL One, and the Pro League, which involve some of the world's best esports teams competing against one another in Counter-Strike: Global Offensive, DOTA 2 and other video games at an elite level, and the ESL Play online tournaments platform that allows casual and amateur players to compete against one another in a wide range of titles.

A distinctive characteristic of esports is that, in many competitions, participation is not restricted to professional or amateur players. This is true even for world-class tournaments or events. The EA Sports FIFA Global Series or the Fortnite Champion Series are two examples. In contrast, there are leagues and tournaments that invite specific professional teams as partners. While these competitions do not have open qualification, they allow competing teams to partake in the league or tournament decision-making process, or to help shape the future of the competition.

TEAMS

Esports teams (sometimes called "team organisations" or just "esports orgs") are companies or associations that employ players to participate in competitions on their behalf. Many of these organisations have rosters that play different games: most esports teams leverage their brand and structure in a wide array of different titles, as opposed to being exclusively tied to a single game or league (although sometimes they may develop separate branding for different games or competitions).

While associations are mostly linked to amateur competition, professional esports teams (organisations that pay players to represent them at tournaments and leagues and where those players' esports activity is their main paid occupation) are almost universally private companies.

There are now hundreds of professional teams playing in esports tournaments and events around the globe. Professional teams have developed complex organisational structures and employ highly technical staff, including coaches, analysts, scouts, dieticians, physiotherapists, and psychologists (the latter showing the industry's concern for the wellbeing of players as well as the understanding that good results and well-managed players are synonymous).

PLAYERS

Players encompass, at the highest level, high-paid professionals hired by teams to compete in world-stage tournaments and leagues, through to players playing at any level from grassroots events to top-level national or international competitions. In fact, as already mentioned, a major attraction of esports is that ordinary players can sometimes participate in the very same competitions as the big esports stars. Increasingly, there are also players at the scholastic and collegiate levels. Players may be part of a varsity programme or a member of a school esports club. Some collegiate players now receive scholarships for participation in esports varsity programmes. In the United States, for example, members of the National Association of Collegiate Esports (NACE) award more than USD $16 million in esports scholarships annually[12]. Collegiate players may compete in intercollegiate events or, sometimes, professional-level events competing for tournament prize money against professional players.

Professional competitive video gaming has been made possible through a combination of factors. The increased popularity of video gaming has brought larger audiences and money, so that esports teams can devote resources to remunerate players, and players can afford to make esports their primary occupation. Devoting time to training has increased the level of performance, which has helped increase the attractiveness of esports for players and audiences, creating a virtuous circle. Although professional video game player is a relatively new profession, it is still subject to existing labour laws in the relevant territories where the activity is taking place.

While they may earn prize money from the tournaments they compete in, most amateur players participate in esports competitions purely for entertainment, social or aspirational reasons.

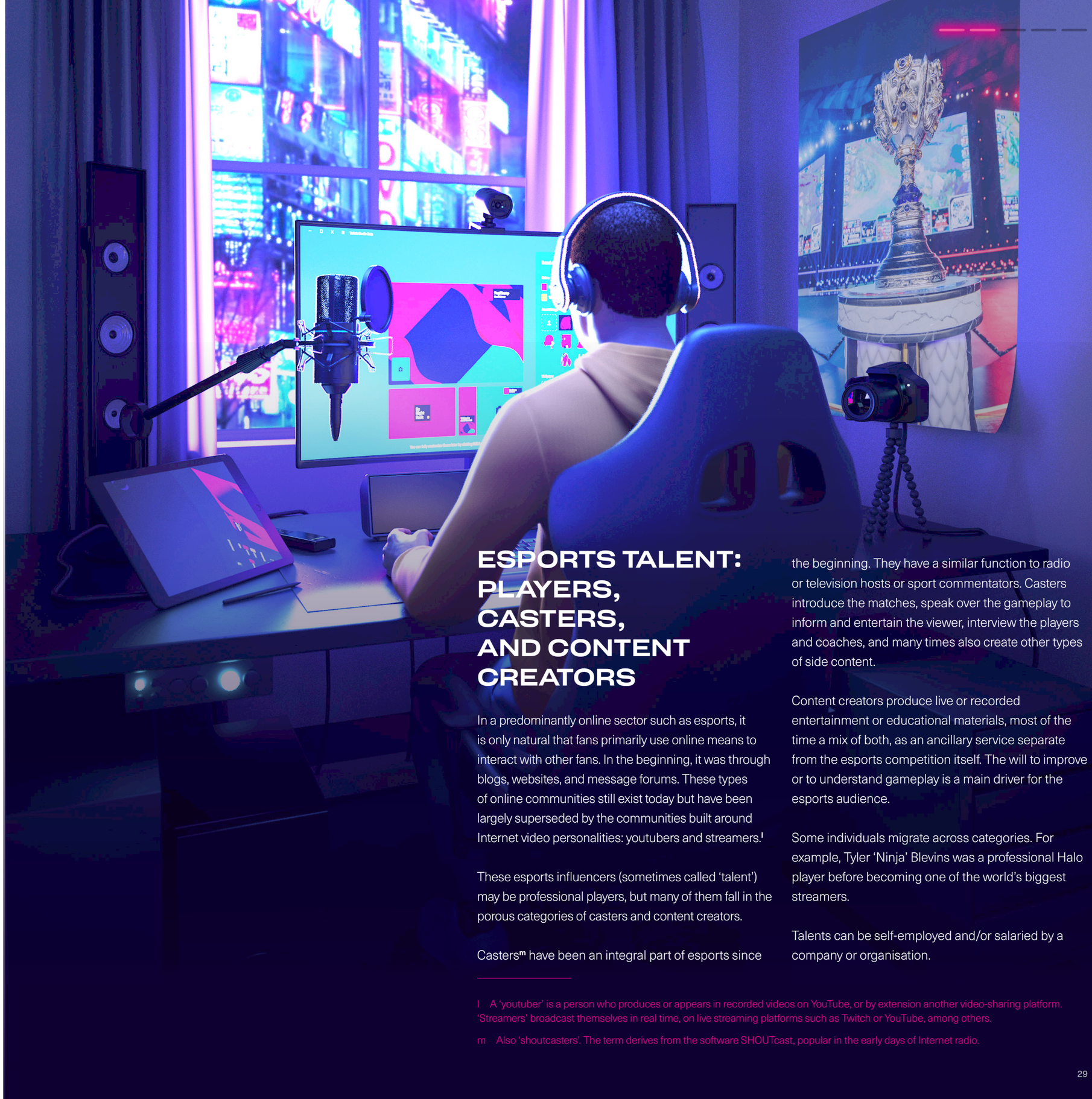
Some players become public figures and enjoy considerable popularity thanks to their competitive successes, for creating popular content on video streaming platforms, or a mixture of both. These players may obtain personal sponsorships, and the biggest stars may even have lucrative exclusive contracts with a content platform. It is not an easy road, though: as in most areas of life, success requires devoting a substantial amount of time and effort and requires considerable talent. Some esports players may become social influencers in their own right, but there are also social influencers in the esports space who are not themselves players.

FANS AND COMMUNITIES

There is no show without an audience, and we would not be speaking of esports without the millions of eyes that watch them every day on live video or the many fans who will travel across country, and even internationally, to watch live games, often many times a year.

But because every video game is different, they cater to different types of audiences and demographics. Besides, the esports fan is a highly specialised one. Fans follow their game of choice and form communities around specific competitions, geographical areas, websites, teams, players or other personalities. There are thousands of gaming communities of all sizes, geographic locations, and demographics, each with a distinct composition reflecting the intrinsic multiplicity of the sector: there is no one-size-fits-all when it comes to reaching out to gaming communities of all sizes, geographic locations, and demographics, each with a distinct composition reflecting the intrinsic multiplicity of the sector: there is no one-size-fits-all when it comes to reaching out to esports fans.

Finally, esports communities share some common traits: they are enthusiastic, passionate, and engaged. And they expect engagement from players, teams, organisers, and video game publishers themselves, which is why community management plays an oversized role in esports compared to other sectors.



ESPORTS TALENT: PLAYERS, CASTERS, AND CONTENT CREATORS

In a predominantly online sector such as esports, it is only natural that fans primarily use online means to interact with other fans. In the beginning, it was through blogs, websites, and message forums. These types of online communities still exist today but have been largely superseded by the communities built around Internet video personalities: youtubers and streamers.[l]

These esports influencers (sometimes called 'talent') may be professional players, but many of them fall in the porous categories of casters and content creators.

Casters[m] have been an integral part of esports since the beginning. They have a similar function to radio or television hosts or sport commentators. Casters introduce the matches, speak over the gameplay to inform and entertain the viewer, interview the players and coaches, and many times also create other types of side content.

Content creators produce live or recorded entertainment or educational materials, most of the time a mix of both, as an ancillary service separate from the esports competition itself. The will to improve or to understand gameplay is a main driver for the esports audience.

Some individuals migrate across categories. For example, Tyler 'Ninja' Blevins was a professional Halo player before becoming one of the world's biggest streamers.

Talents can be self-employed and/or salaried by a company or organisation.

l A 'youtuber' is a person who produces or appears in recorded videos on YouTube, or by extension another video-sharing platform. 'Streamers' broadcast themselves in real time, on live streaming platforms such as Twitch or YouTube, among others.

m Also 'shoutcasters'. The term derives from the software SHOUTcast, popular in the early days of Internet radio.

2.2.

The role of intellectual property rights

Esports are not a mere set of rules. Video games are comprised of numerous intellectual property rights, including those that are vested in the software and game mechanics, the art, the score, the sounds, the characters and voices, and the art of the in-game world. Publishers invest heavily in the development of their games and rely on their intellectual property rights to protect that investment, market their games, and grow their audiences.

Video game franchises are closely associated with their creators. Publishers are therefore very discerning over how their games are played or used. Publishers are uniquely positioned to set the appropriate tone and environment for the esports scene for each of their respective franchises. Each franchise attracts a different type of player and publishers cater the competitive gaming experience to those players — using tools both in and outside of the game. Because a franchise's specific intellectual property is inextricably tied to its competitive environment, intellectual property rights are an incredibly important tool to foster the industry's growth.

A game's release is not the end of its development. Whilst the rules of football, for instance, do not substantively change from year to year, a video game that does not iterate, rebalance, or innovate frequently, will not remain competitive. To avoid stagnation, publishers create entirely new rule sets, game modes, add content, adjust existing mechanics, and completely cut aspects from their games. The decision on what to include, add, or remove from a game is usually entirely within the applicable publisher's exclusive discretion, by virtue of their ownership of the IP rights in their games. In fact, the owner of the IP rights in a game is the only person who can alter a game's underlying ruleset.

Esports games, tournaments, broadcasts, and other content are all enabled via IP rights. This means that approval from the rights holders is needed to host competitions, broadcast streams, make video content or to even play the games. EULAs (end user license agreements) usually prohibit the commercial use of games without the relevant rights holder's permission. Tournament organisers, therefore, must ensure that they have the necessary rights to make the game publicly available at their events or through other distribution channels.

Esports could not exist without the strong protections and control that intellectual property rights afford to game creators, and that competitive gaming has been able to keep pace with the innovation in the video game industry is a testament to this fact.


© The Overwatch League LLC

TOP-TIER COMPETITIONS

Publishers have the most significant voice in structuring the competitive circuits of their titles. While many different approaches have been taken to the ecosystem of a game, most publishers keep top-tier competition under their direct management, or at least under strict scrutiny, to showcase both the very best of their elite players and the game being played in the very best conditions.

From amateur to professional and from local to international, only tournaments or leagues organised or directly endorsed by the publishers can be considered official game competitions.

Of course, top-tier competitions are the cream of the crop and some of the most recognisable properties in esports. Here we list some of them:

- Apex Legends Global Series by Electronic Arts
- Call of Duty League by Activision Blizzard
- Clash Royale League by Supercell
- Dota Pro Circuit by Valve
- EA SPORTS FIFA Global Series by Electronic Arts
- ESL Pro Tour: CSGO by ESL
- Fortnite Champion Series by Epic Games
- League of Legends World Championship by Riot Games
- NBA 2K League, a joint venture between the NBA and Take-Two Interactive
- Overwatch League by Activision Blizzard
- Rainbow Six Circuit by Ubisoft

2.3.

Primary partnerships

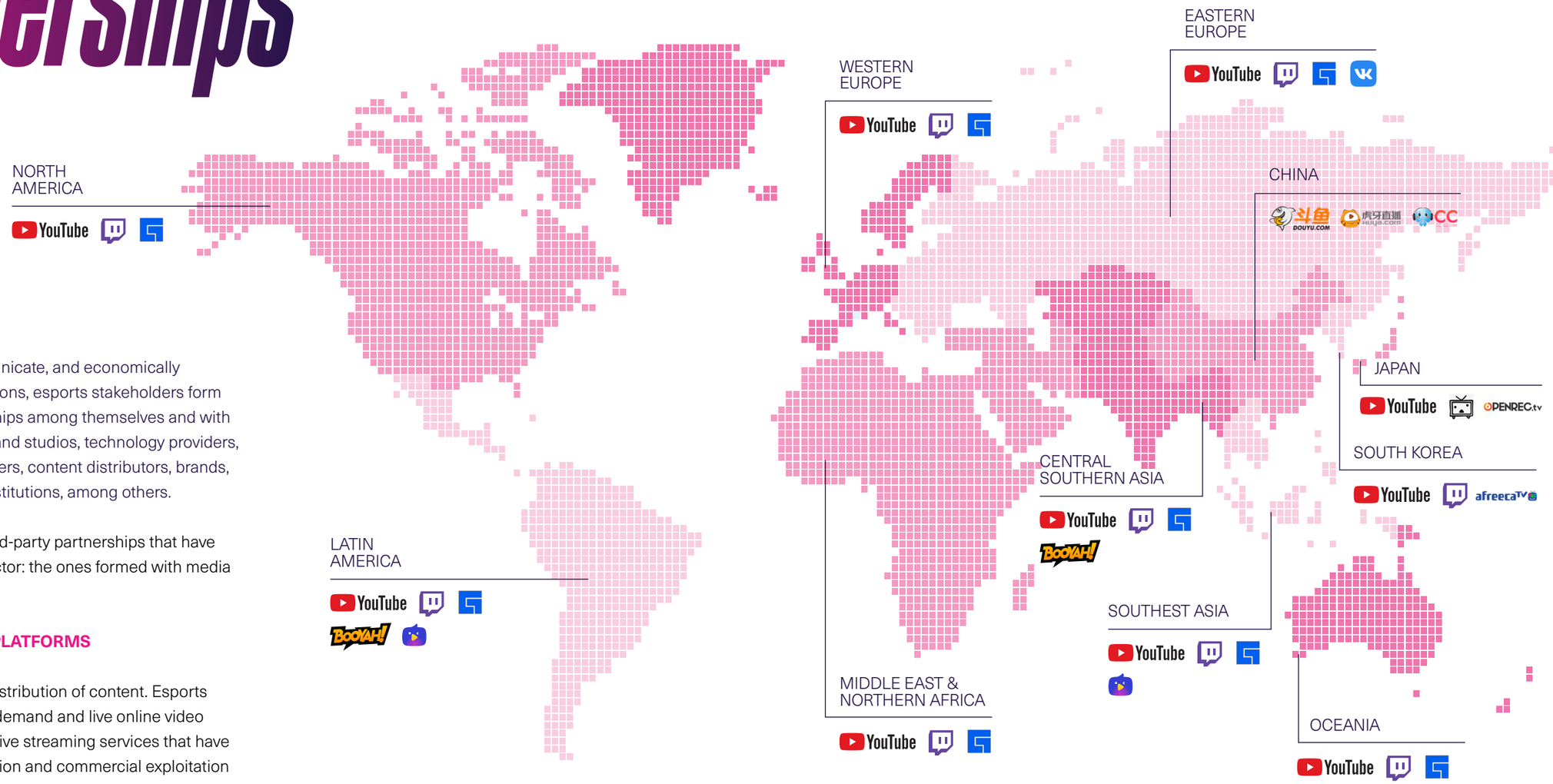
To operate, communicate, and economically develop competitions, esports stakeholders form multiple partnerships among themselves and with third parties such as venues and studios, technology providers, logistics and hardware suppliers, content distributors, brands, and educational and other institutions, among others.

But there are two types of third-party partnerships that have helped define the esports sector: the ones formed with media platforms and sponsors.

MEDIA AND STREAMING PLATFORMS

These are platforms for the distribution of content. Esports are consumed mainly via on-demand and live online video streaming, although it is free live streaming services that have come to define the consumption and commercial exploitation of esports. Some leading platforms in the sector are Facebook Gaming, Twitch, YouTube, and in China, DouYu and Huya.

Many online video platforms are free for both the content producer to showcase their productions and for the spectator to watch, so they rely on advertising as a main revenue source. Hence, attracting a sizable audience becomes paramount, and for this reason these platforms sometimes enter into exclusive contracts with the most popular publishers, tournament organisers, teams, players or community personalities. A unique feature of these platforms, which esports have helped to popularise and which in turn has increased their reach, is co-streaming or watch parties, where a channel is allowed to air another broadcast while providing unique commentary on the action.



Source: Newzoo (2021). Global Esports & Live Streaming Market Report 2021

Linear TV and so-called “over the top” (OTT) services have also entered esports. While repackaging or adapting esports content or properties from online to television presents some hurdles (many esports matches do not have a pre-determined duration, such as the 90-minutes of a soccer match, for example), they already represent a significant market opportunity for traditional linear broadcasting companies such as the BBC, Sky, ESPN, Fox Sports, and Canal+, all of which have introduced esports in their programme grids or online services.

SPONSORS

Most revenue for tournament organisers and teams comes from companies or organisations promoting their brands to the different esports audiences (see Chapter 3). In the past, sponsors and advertisers had been brands endemic to the sector: technology firms such as ASUS, Intel or Nvidia, or gaming hardware companies like Logitech or Razer. But as the sector has become more mainstream, major non-endemic brands have moved in, for example: Adidas, BMW, Coca-Cola, KIA, KitKat, Nike, Visa, and Louis Vuitton.

These brands sponsor tournaments, leagues, teams, and even individual players and community personalities. Being an online-endemic sector, most of a brand’s presence is accordingly online, although in the quest for the attention of the elusive esports fan, brands value very highly the direct contact that live events and commercial activations provide.

2.4.

Associations

Although esports are largely built around commercial stakeholders, industry trade associations and not-for-profit organisations play an important role in unifying and representing the various disparate actors in the sector, in developing and improving esports for all, from the grassroots to international levels.

Trade associations serve as the voice of the video games industry and its esports sector. They strive to effect and promote the positive impact that video games have on society, empowering consumers and promoting responsible gameplay. The industry has put in place successful self-regulatory systems such as the age ratings bodies ESRB in Northern America and PEGI in Europe, which manage the attribution of the correct age rating of video games, aim to inform parents about age-appropriate video games, and to keep young players safe. Likewise, the video game industry’s trade associations formulated the universal Principles of Esports Engagement in 2019 (see Chapter 1).

Most of the publishers of the games played today in esports competitions worldwide are members of one or more national or regional trade associations, often both. And many times, these associations also represent other important stakeholders, including tournament organisers and professional teams.

Because they bring together the main actors of the industry, including first and foremost the owners of the video games themselves, the trade associations and their esports groups have become the collective and authoritative voice of the esports sector around the world.

MAIN TRADE ASSOCIATIONS

Name	Acronym	Territory
Entertainment Software Association	ESA	United States
Entertainment Software Association of Canada	ESAC	Canada
Interactive Games and Entertainment Association	IGEA	Australia and New Zealand
Interactive Software Federation of Europe	ISFE	Europe Comprises of: → AEPDV (Portugal) → AEVI (Spain) → ANGI (Denmark, Finland, Norway, Sweden) → VGFB (Belgium) → game (Germany) → IIDEA (Italy) → OVUS (Austria) → SELL (France) → SIEA (Switzerland) → SPIDOR (Poland) → Ukie (United Kingdom) → VGFN (Netherlands)
Korea Association of Game Industry	K-Games	South Korea



THE IMPACT OF ESPORTS

In this chapter we will address esports' growth and expansion and their effect on job creation and the economy of countries and territories, an impact that makes esports an exciting sector for forward-looking public authorities as well as the private sector.

AWARENESS DRIVES ESPORTS GROWTH

Lack of familiarity with esports among the population and among social and political elites and in economic spheres impairs the development of the sector. Mainstream press coverage of esports tends to omit the numerous opportunities the sector creates for personal, social, and economic development. On the other hand, the acknowledgement by the public sector and other levels of society of the positive contribution of video games and esports to the economy, culture, and education can promote growth, reduce misinformation, and increase awareness around this very promising sector.

One positive way to raise awareness would be to endorse success stories, such as when a local team or player achieves international recognition; when a city successfully bids to host a global event; or when a famous publisher, team or tournament organiser establishes or opens a local branch in a territory. Raising awareness of the sector brings knowledge and knowledge fosters understanding, which is key to benefitting from any new trend or sector.



3.1.

The esports audience

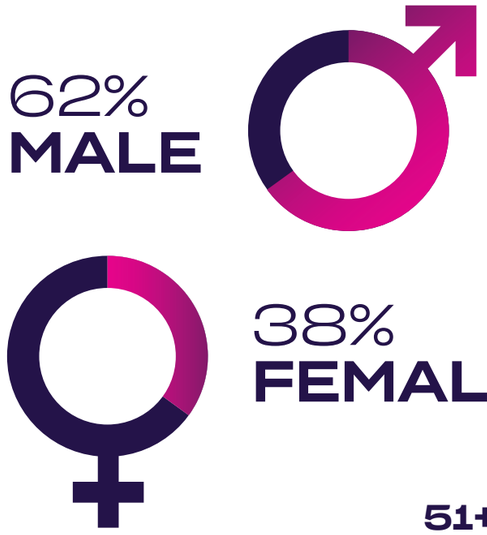
The esports economy is audience driven. According to games and esports analytics firm Newzoo, the total number of esports enthusiasts in 2021 is 205.4 million worldwide and is expected to grow over the next two years to 285.7 million by 2024, while the total audience is 435.9 million and is expected to reach 577.2 million in 2024[13].

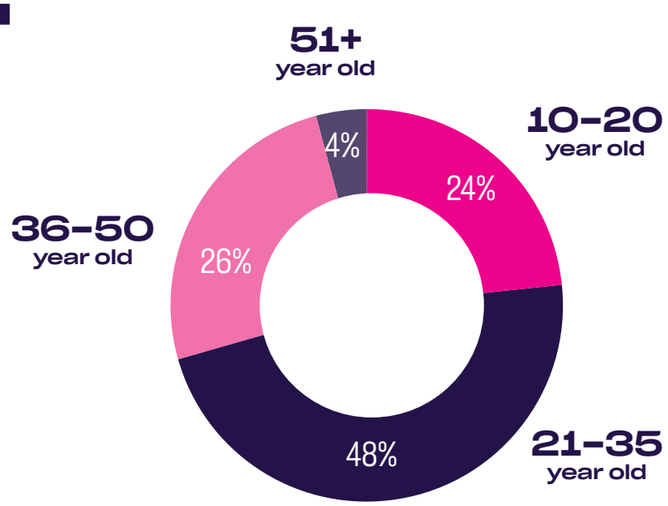
ESPORTS AUDIENCE GROWTH (GLOBAL) **CAGR:** +7.7%



Due to rounding esports enthusiasts and occasional viewers do not add up to the total audience

Although the composition of the fanbase of different games can vary considerably, at an aggregated level, esports fans skew male and adult, with 78% aged over 21 and 62% male[14]. The female audience is increasing year over year, and reached 38% in 2020. Getting access to the Millennial/Generation Z demographic is the main reason brands enter esports: young adults have proven difficult to reach via TV or other traditional media, earning the monikers “cord-cutters” and “cord-nevers”[15].





Source: Newzoo.

These figures are attracting the attention of entrepreneurs, investors, brands, media, and other corporations. Yet, it is important to remember that this growth is not evenly distributed. As with any new sector, there are big differences in the level of esports popularity and development around the globe (see Chapter 1).



Left to right, **Stephanie Harvey (missharvey)**, pioneer professional Counter-Strike player, winner of five women world championships; **Sacha Hostyn (Scarlett)**, Canadian StarCraft II player, entered the Guinness Book of Records as the highest-earning woman in esports; **Kim Se-yeon (Geguri)**, South Korean Overwatch player, first woman to play in the Overwatch League; **Li Xiaomeng (Liooon)**, Chinese Hearthstone player, first woman to win the Hearthstone Grandmasters Global Finals

3.2.

The esports economy

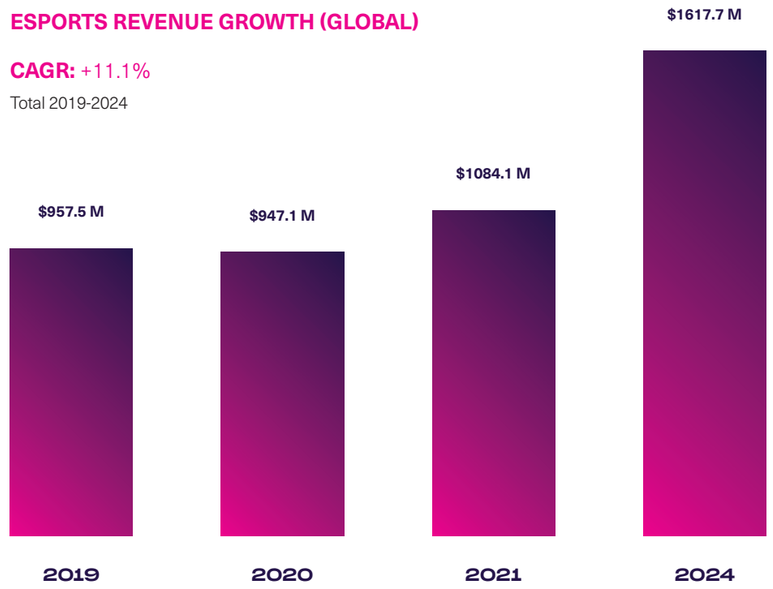
Esports are revolutionising how consumers watch, follow, and engage with video games. Esports competitions provide an outlet for millions of fans and a meaningful way to connect with others. As esports audiences keep growing and the companies keep experimenting with new revenue sources, the economic size of the sector will match its already sizable popularity.

Next, we will describe the composition of direct revenue as well as the indirect economy generated by the esports sector.

ESPORTS REVENUES

Games and esports analytics firm Newzoo forecasts worldwide esports revenues for 2021 of just below USD $1.1 billion[16]. This is a modest figure compared to the over USD $175 billion revenue estimated for the video games industry worldwide in 2021[17].

Although the esports industry contracted slightly in 2020 during the worldwide pandemic, in the next three years the sector is expected to experience double-digit growth to over USD $1.6 billion.



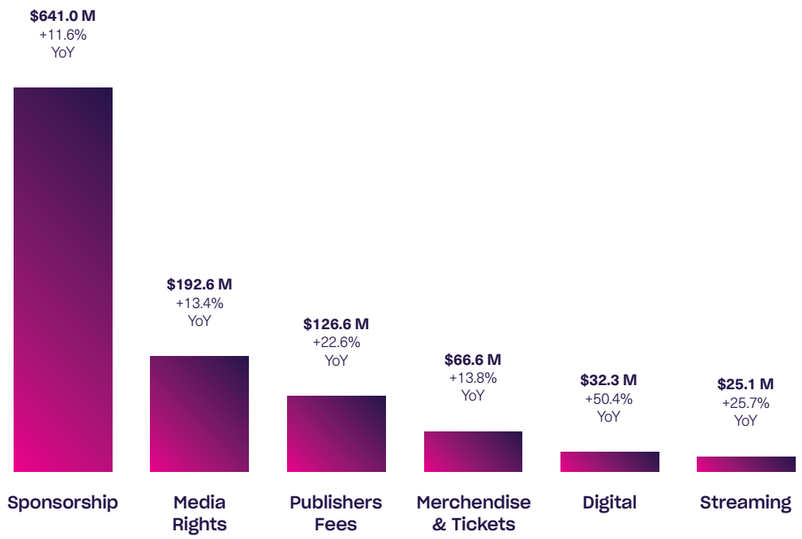
Source: Newzoo (2021). Global Esports & Live Streaming Market Report 2021

The revenue estimates consider six primary sources:

- **Sponsorships:** Revenue generated by teams and tournament organisers from sponsorship and advertising sold as part of a sponsorship package such as naming rights, logos on shirts, sponsored content, etc., but also in-game presence.
- **Media rights:** Revenue generated via the sale of content or the granting of rights to show content on a channel.
- **Ticketing & merchandising:** Revenue generated from the sale of tickets for events and of team and competition-related items. This includes sales by publishing houses (e.g. books or collectable player cards).
- **Publisher Fees:** Payments by game publishers to independent tournament organisers to organise events or competitions. This does not include spending by publishers on their own events.
- **Digital revenues:** Revenues from the sale of online items for games, linked to competitions or teams.
- **Revenues from streaming:** Revenues generated by professional players or streamers on their own channels or on team channels.

Indirect revenues from sales of specialised hardware and peripherals, of esports-related games or in-game products, from services like in-game communications, or the side economy of live events (travel and hospitality) are not included in the above estimates. The estimates also exclude prize money and players' salaries. This leaves us with the following revenue forecast for 2021 by source[18]:

ESPORTS REVENUE STREAMS (GLOBAL)



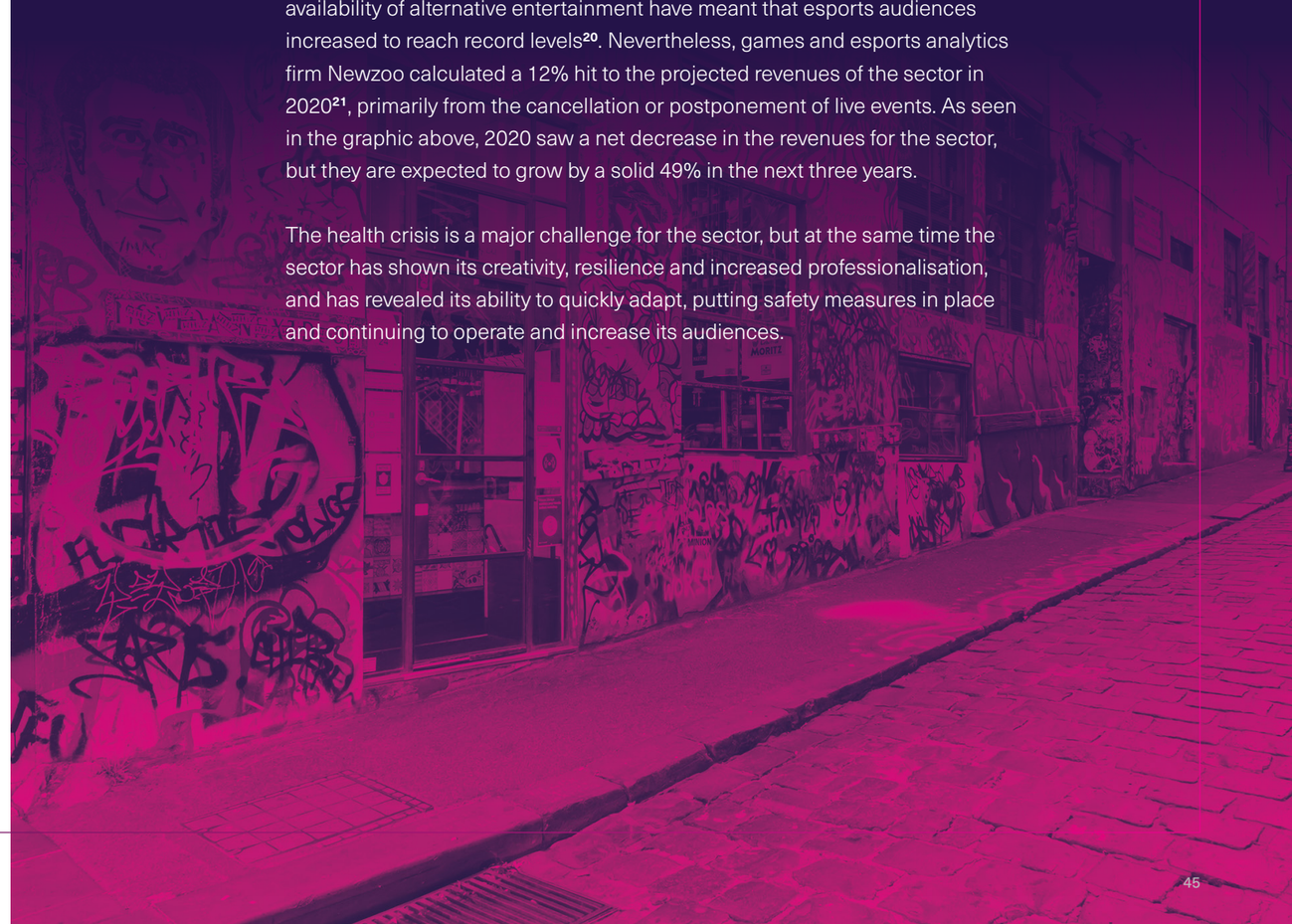
As seen on the graphic, the esports sector depends heavily on sponsorship: almost 60% of the sector's revenues come from this source. This may prove challenging in times of economic contraction, as marketing budgets are very cyclical and subject to a limited number of clients. But the sector is still in its early stages of development and is experimenting with revenue sources and business models.

ESPORTS AND COVID-19

The global health emergency put a temporary brake on much of the world's economic life, with public performances, sports and entertainment events being particularly affected. By contrast, the esports sector appeared to thrive during the pandemic[19]. This rosy picture is not completely accurate. To be sure, most video games competitions did not stop but quickly adapted their operations to total or partial remote production or introduced innovative security measures such as sanitary bubbles, guaranteeing the continuity of their events while safeguarding the health of audiences, players, officials and of broadcast and other staff. But even the esports sector was not immune to the COVID-19's impact, as the pandemic reduced the number of live events (and certainly made those that were able to continue more onerous to stage), and in particular, the big international tentpole events, which impacted the sector's economic growth.

Lockdowns and social distancing have led to an increase in the consumption of audio-visual content online. This and the lack of or reduction in the availability of alternative entertainment have meant that esports audiences increased to reach record levels[20]. Nevertheless, games and esports analytics firm Newzoo calculated a 12% hit to the projected revenues of the sector in 2020[21], primarily from the cancellation or postponement of live events. As seen in the graphic above, 2020 saw a net decrease in the revenues for the sector, but they are expected to grow by a solid 49% in the next three years.

The health crisis is a major challenge for the sector, but at the same time the sector has shown its creativity, resilience and increased professionalisation, and has revealed its ability to quickly adapt, putting safety measures in place and continuing to operate and increase its audiences.



SPILL-OVER EFFECTS OF ESPORTS

As we have seen, the definition of esports revenues is narrowed to the sources created directly by the competitive properties themselves, but they do not account for sales of products or services (or the increase in sales) directly driven by the existence of esports.

For example, Dota 2's biggest yearly tournament, The International, comes with a set of virtual in-game objects, information and extra content (the "Battle Pass") that fans can buy, and which also supports the competition, as part of the revenues collected goes to the prize pool. In 2019, Battle Pass revenues surpassed USD $137 million, of which over USD $34 million went to the tournament's prize pool[22], although none of this money is included as esports revenues. Beyond direct monetisation strategies, esports impacts the video game industry in other ways such as via increased engagement and exposure or via longer lifespans for individual video game titles.

The growing popularity of esports has also positively impacted the computer hardware and electronics industry through the creation and sale of specialised gaming hardware (PCs, displays) and peripherals for competitive gaming.



© Alberto Ruiz Cubas/GGTech

AN UNEQUIVOCAL BENEFICIARY OF ESPORTS GROWING POPULARITY HAS BEEN THE COMPUTER HARDWARE AND ELECTRONICS INDUSTRY

Beyond industry-endemic companies, the indirect impact of esports can also be seen in other existing businesses, from snack foods to luxury brands to universities. Many organisations are adapting their products or services to cater for new clients or needs around competitive gaming. For example, law firms have been "early adopters" of esports, providing advice and producing reports and studies. Law practices all over the world have become specialists in the sector and, in Spain, the Madrid Bar has created the first esports section in an official bar association[23]. Agencies of various kinds have wholeheartedly embraced esports and some have become fully embedded in the sector, offering services from marketing to content and event production, talent representation and even team management and tournament organisation.

Examples of other services in high demand include coaching, self-improvement programmes/applications, infotainment content, bars and social centres, and online communications tools such as Discord or Team Speak.

3.3.

Investments in esports

This entrepreneurial boom means esports-related investment is also growing. Esports are no longer an exotic venture in a niche sector, but a legitimate area of interest for all types of investors, from angel investors and family offices to venture capital companies.

The appeal of investing in esports comes from three main sources:

- Strong growth: Revenues and audiences are expected to grow at robust rates (see above).
- The target audience: The core audience of esports is the hard to reach millennial and centennial demographic, a sought-after audience for many brands.
- Diverse business models: Esports present many different job and business opportunities (see below).

From 34 investment deals[n] and US$490 million invested in esports in 2017, the volume of disclosed deals in 2018 rose to US$4.5bn in 68 deals[24]. The biggest recipients were game developers and publishers and live streaming and other video gaming-related services. Over 50% of the deals were venture capital, the rest being divided between private equity, family office, strategic investor, and to a lesser extent public offerings.

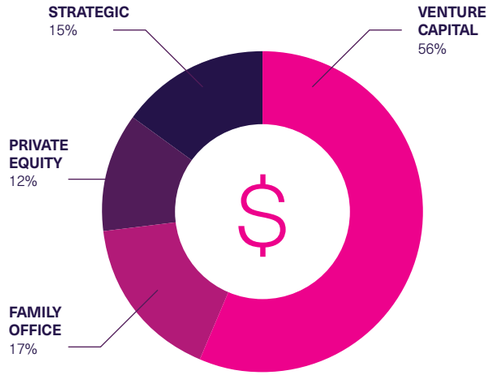
$4.5B

USD invested in 2018

n Including venture capital, family office investments, private equity, and M&A.

BREAKDOWN OF ESPORTS INVESTMENTS

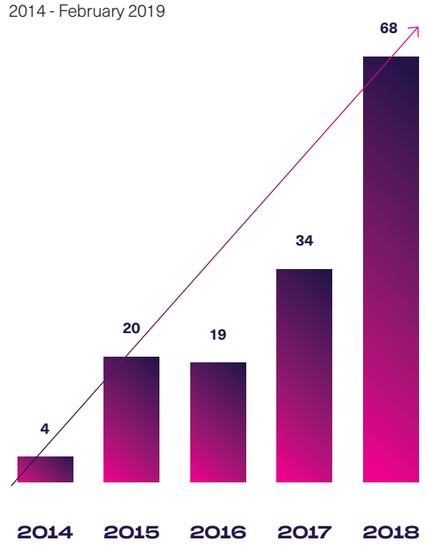
2018 by investor type



Source: Deloitte and The Esports Observer.

NUMBER OF INVESTMENTS IN ESPORTS

2014 - February 2019



ESPORTS ARE NO LONGER AN EXOTIC VENTURE IN A NICHE SECTOR, BUT A LEGITIMATE AREA OF INTEREST FOR ALL TYPES OF INVESTORS

Investing in esports is not simple, though. In the ultra-competitive video gaming industry, it is very difficult to predict with precision what will happen in the next 2-3 years, let alone in 5 or 10. But the sector shows a great deal of stability too. From publishing companies to tournament organisers and team organisations, many of today's main actors were already in the sector 10 years ago. This shows that it is nevertheless possible to make informed strategic decisions. At the same time, in the past few years, hundreds of new companies have been established and are thriving. Hardware and games have changed, the audience has grown exponentially, but expertise built on experience, which the sector has amassed, has allowed both the expansion of those early trailblazers and the explosion of new businesses in many geographical areas.

3.4.

Esports jobs

Esports professionals are not just pro gamers! While esports are generating a huge number of business opportunities, they are also creating new jobs or providing opportunities for development to existing ones. In the first eight months of 2020, job-vacancies website Hitmarker had 5,018 esports jobs advertised from 1,014 esports brands in 322 cities around the world[25]. For the whole of 2020, Hitmarker advertised 6,236 esports jobs globally[26].

As with the indirect economy generated by esports (see above), the first beneficiary of the boom in esports-related jobs is the video game industry itself. When it comes to competitive games, developers are principally responsible for keeping a game competitive and balanced. However, developer resources can also be used specifically for esports. This includes, for example, the creation of team-themed in-game items, or technology that helps maintain competitive integrity (e.g., Riot Games developed a "Chronobreak" tool to restart games from a specific point in case of a bug[o]).

The professionalisation of esports in all areas is evolving very quickly. The time when even top-level esports properties were volunteer-run is long gone. In fact, most of the positions demanded by the sector require highly skilled professionals. According to esports and social researcher Nicolas Besombes, "the constant growth of the phenomenon has gradually led the various stakeholders to (i) seek new skills (sometimes in other sectors of activity such as sport or media for example), to (ii) increase their human resources, and to (iii) surround themselves with increasingly qualified people," and he identifies over 100 different roles the esports sector employs in segments as different as broadcasting, event organisation, health management, sales and marketing[27]. Although employment is growing throughout the sector, not all roles are in equal demand. For example, Hitmarker shows the following high-demand segments globally[p].

o A bug is an error or flaw in a computer program that causes it to behave in unintended ways.

p This is not the complete picture, as some esports roles are not susceptible to appearing in job-vacancies listings, most notably players. Also, the impact of the global health crisis may have temporarily impacted the demand for events and other production personnel.



© Joao Ferreira/Ubisoft

TOP 10 HIRING SECTORS IN ESPORTS (2020)

Percentage over total jobs offered

Sector	Percent
Marketing	9.90%
Software Engineering	8.31%
Executive & Management	7.68%
Business Development & Sales	7.61%
Technology	6.72%
Social Media	5.18%
Talent	3.87%
Editorial & Writing	3.21%
Project Management	3.03%
Coaching	2.97%

While some of the roles are endemic to a type of esports stakeholder (for example, teams employing players), the nature of esports as an entertainment content sector means some roles or employment niches such as business development and marketing or technology-related roles are in demand by most or all of the actors, from teams to tournament organisers and from media platforms to sponsors, explaining the higher demand for them.

But it is not only individuals who can benefit from knowing the wide array of career opportunities the esports sector has to offer, institutions and territories (see next section) stand to benefit from the sector's growth too, for instance, by providing education or attracting the talent the sector demands.



ESPORTS TALENT TRAVELS THE WORLD

Esports are transnational endeavours. Most competitions attract international participation and audiences. Consequently, esports talent needs fast, inexpensive, and frictionless access to those markets. Players, coaches and other technical staff, analysts and commentators lead itinerant lives going from one organisation to another and from event to event as the market and the competitive calendar demands. To lure talent to national teams and leagues, and to be able to host internationally renowned esports tournaments, it should be possible for esports professionals to travel to participate in these competitions with the minimum amount of red tape possible.

Visas for esports talent (players, coaching and other team staff, commentators, and other irreplaceable professionals) should be granted on very short notice for tournament-oriented short-term stays. To develop an advanced ecosystem, esports talent should have the same status as high-skilled professionals for mid or long-term stays in a country.



© Timo Verdeil/ESL

THE OPPORTUNITIES OF ESPORTS

Esports are set to be one of the sectors with the greatest expansion opportunities in entertainment in the upcoming years. To make the most of their huge potential, it is important to understand the different opportunities they open up in fields like the economy and job creation, education, and local and national development.

4.1.

Opportunities for territories

In their relatively short history, esports have proven to be a powerful transformative force for some territories.

The idea seems counterintuitive. Esports are a global digital phenomenon, but they also create strong social links among players and fans. At the end of the day, esports are based on relationships of competition and collaboration between players, teams, and companies. Players and fans have always felt the need to meet in real life, sometimes travelling hundreds or thousands of miles to compete in front of a live audience, to get to see in person their heroes and villains, and to socialise with other fans. We see this need reflected in how all the major international tournaments hold live events. But beyond the major events, esports have had since the beginning a strong grassroots activity organised by local fans. These local communities and competitions (whether city or country-based) are now bigger than ever, and in most cases, they enable the organic growth of the sector: without a large, diverse, and active fan base, it is considerably more difficult to build sustainable esports properties in a territory.

NATIONAL OPPORTUNITIES

With the continued growth of esports across the world, some governments have understood the potential of the sector for the development of their territories. Countries like Denmark, Japan, and South Korea, among others, have launched plans to support and grow esports. These plans usually focus on building sustainable ecosystems, developing national talent, creating opportunities for entrepreneurship, employment, and commerce and, in general, establishing a vision for the sector in the mid-term.

In dealing with esports, one common trait of the countries mentioned is that the national strategy has been established on the basis of a dialogue between the public authorities and the main economic actors. This has created goodwill and the right environment for cooperation between public and private stakeholders and, as a result, these countries have been able to create concrete initiatives with broad support, something very much required in the context of a new and dynamic sector. This dialogue has solidified in different structures: a trade committee in South Korea[28], a national commission or panel in Denmark[29], and a workgroup in Japan[30].

Although esports are growing in most of the world without significant public sector involvement, these kinds of actions may allow countries to take advantage of synergies between the public and private stakeholders, which may result in a stronger, more balanced growth in the long-term. On the other hand, the entrepreneurial nature of esports means that the most straightforward explanations for a thriving esports sector are business and technology-friendly social, economic, and regulatory practices and environments. Despite being polar opposites size-wise, the United States and Singapore are two examples of countries that have “bred” global esports actors despite no particular commitment from their governments.

CREATING A FAVOURABLE ENVIRONMENT FOR ESPORTS

In most of the world, video game competitions are regulated by general laws that apply to every business activity (commercial, labour, intellectual property, consumer protection, data protection, and competition laws, etc.), plus private contracts, and codes of conduct. There are very few instances of countries that have directly regulated esports, allowing the industry to grow and expand as the industry has become more popular with fans. Conversely, territories that have adopted regulations placing obstacles in the way of esports have not proved to be efficient and may have even slowed down the economic development of esports in the territories in which they have been introduced. Alternatively, some territories have enacted regulations in cooperation with the video games industry that have effectively supported the development of esports.

For example, the very strict Japanese law on prizes has been postulated as one of the causes for the comparatively slow growth of esports in a country with both a huge gaming culture and high-quality Internet infrastructure[31]. On the other hand, the elimination of barriers or uncertainties can supercharge esports’ growth. Until late 2016, it was assumed that esports could be considered a game of chance under French law, a situation that changed when the French Digital Law (Loi pour une République Numérique) explicitly excluded esports as a game of chance, which created a favourable environment for the rapid growth of the esports sector in the French market.

It is important to remember that the esports sector is a part of the video games industry, rather than to treat it as its own form of entertainment or as a part of a totally separate sector. There is a danger that a poor understanding of this very dynamic sector can lead to well-meaning but inappropriate regulation that will stifle development. The video games industry has a proven record of efficient self-regulation at regional and international level as regards minor protection and responsible gameplay. It is also important to remember that esports are essentially transnational, so there is a need to find solutions that can work in more than one jurisdiction.

LOCAL OPPORTUNITIES

Over the years, esports events have gone from Internet cafés and local LAN parties to theatres, convention centres, stadiums, and other large venues around the globe. From stadium owners to cinema operators trying to reinvent themselves by investing in esports capabilities, live esports events have reinvigorated private and government infrastructure. Esports events can be held independently of the season, opening up the range of events that can be held in a territory or venue all year round. Understandably, they have the potential to be a major draw for tourism.

But this is not the only benefit for towns, cities and regions considering hosting esports events. While the short-term economic impact is indeed significant, the long-term effect of the perception of a city as an attractive place to live for the young and educated is one reason why authorities are embracing these events, especially in small and medium sized cities[32].

Hosting an esports event is not necessarily a one-time occasion. Building a long-term connection with an event or series of events means local authorities, businesses and stakeholders can build stable relationships around the event, which will bring development and stable jobs. The creation of esports-ready venues (or the adaptation of existing venues to host esports) offers similar opportunities.

Attracting esports companies helps to build long-term economic development of a territory as well. As we have seen in the previous point, esports companies employ a very diverse set of high-skilled staff. The Internet-based nature of esports means that transnational operations can be done anywhere: a tournament involving European teams can be operated and broadcast from North America, and vice versa. This international reach means that esports workplaces attract a cosmopolitan workforce and contribute to expanding the reputation of a town or region. For example, Palm Beach County, Florida, incentivised the establishment of a facility for Misfits Gaming Group, a team organisation. The county valued the fact that esports jobs were remunerated much more highly than the average in the county, which was USD $53K[33].

CITIES COMPETE TO HOST ESPORTS EVENTS

According to the study 'Host Cities and Esports Events: Perceptions and Ambitions', in a survey targeted at more than 500 cities worldwide, most cities surveyed (84%) said that hosting esports events could be used as a driver to reach out to new and young audiences, while 56% thought that hosting esports could provide less well-known cities with a shortcut to increase the awareness of their city in the global events market[34].

Katowice, Poland, has become a well-known case study. Once a declining industrial town, the celebration since 2013 of ESL's Intel Extreme Masters has positioned the city as one of the world's esports capitals. In the words of Mayor Marcin Krupa, "we have become a city that not only is recognised for its post-industrial legacy but is now also associated with modern technologies and esports. Today, it is us who are setting trends in this industry."

This knowledge has boosted competition for hosting major esports events. In the first open bidding process for a continental League of Legends event in Europe, Riot Games received proposals from over 150 cities[35]. The event, celebrated in Rotterdam (the Netherlands) represented a return of €2.36 million from visitors, but more importantly, positioned the city in the imagination of esports fans. "Attracting these kinds of events is good for the image of the city," declared Kees de Jong, marketing manager for Rotterdam Ahoy, the event's venue. "Rotterdam wants to position itself as a young, vibrant, dynamic city. Rotterdam stands for innovation and progress."[36]

As a result of the success of the Six Major Raleigh, an international tournament of the video game Rainbow Six: Siege which brought USD $1.45 million in direct economic impact, a coalition of local stakeholders lead by the city of Raleigh, North Carolina, created the Greater Raleigh Esports Local Organising Committee (GRELOC) dedicated to attracting local and global competitive video gaming events and promoting Raleigh's world-class, esports-ready facilities and infrastructure[37]. Similarly, according to NYC & Company, the 2018 Overwatch League Grand Finals generated an estimated economic impact of USD $12.8 million; the event generated USD $670,000 in local taxes and supported 5,650 jobs, the full time equivalent of 94 annual jobs[38].



4.2.

Educational and social opportunities

In the 21st Century, digital skills are as vital as literacy and numeracy. They encompass not only technical abilities to apply Information and Communication Technologies, but also digital literacy, safety, collaboration, and content creation. These skills are essential for personal fulfilment and development, employment, social inclusion, and active citizenship.

Furthermore, the outbreak of the COVID-19 pandemic has accelerated the digital transition of societies as teleworking and distance learning have become a reality for many people. Existing skills gaps between those who have the necessary competences to function and thrive in the digital society, and those who are lagging, have been widened by this sudden and quick transition.

Esports can help people to acquire these key competences and skills. They enable players to immerse themselves in rich imaginative worlds and to collaborate or compete with friends or other fellow gamers around the world. Video games pose significant intellectual challenges in terms of processing information, solving problems, devising strategies and plans, and interpreting information from a range of different media, both verbal and visual.

Finally, esports can also be used as a tool for social and educational inclusion.

ESPORTS IN EDUCATION AND SOCIAL INCLUSION

Commercial and educational video games are already established in classrooms. Teachers who have used games have observed a significant improvement in several key skills such as problem-solving and analytical, intellectual, and spatiotemporal skills[39], as well as an increase in creativity, collaboration, initiative, attention, and communication[40].

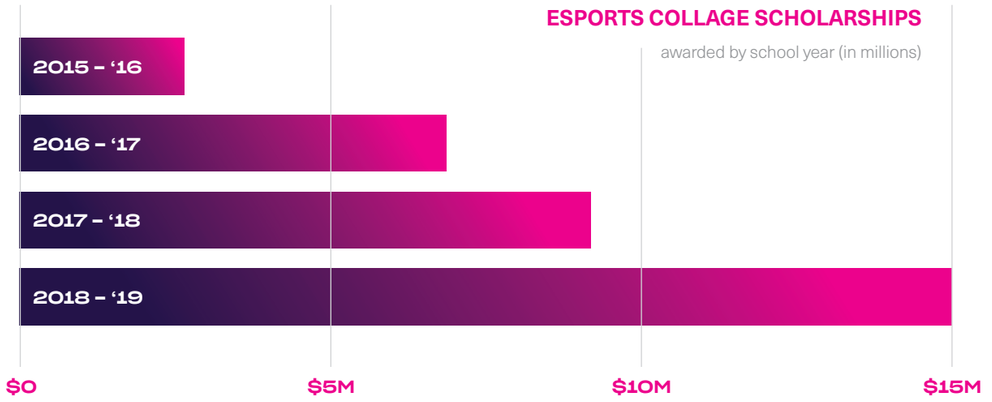
Besides skills, games can be used to teach diverse subjects. For example, in 2020 the Polish government announced that the video game This War of Mine by 11 bit Studios was going to be placed on the official reading list for high school students and made available for free to support the teaching of sociology, ethics, philosophy, and history[41]. Since 2009, European Schoolnet (a network of 34 European Ministries of Education) and the Interactive Software Federation of Europe (ISFE) have teamed up for Games in Schools, a project aimed at training teachers across Europe on the use of commercial video games as pedagogical support in the classroom[42].

A much newer phenomenon, esports are increasingly found on the curriculums of higher education institutions, with several now offering specialised esports-related degrees or courses.

Besides this, there are three other areas where we are seeing a surge in the presence of esports:

- **Scholastic and collegiate/varsity esports**
  Competitions in and between educational institutions, where teams representing a school, college or university compete against teams from similar educational institutions, are thriving. Institutions are investing in collegiate esports to attract students and activate their student body. In many cases, these institutions offer incentives to esports talent in the form of scholarships. This may open opportunities for students who may have had difficulty accessing other academic or athletic scholarships. According to NACE (National Association of Collegiate Esports), around 200 colleges/universities in the United States offered USD $15M in scholarships in 2019. In the US again, collegiate organisation TESPA involves 850 schools and 20,000 players[43].

Connected learning
This is an approach to education that advocates for broadened access to learning that is socially embedded, interest-driven, and oriented toward educational, economic, or political opportunity. Connected learning is realised when a person can pursue a personal interest or passion, with the support of peers and mentors, and is in turn able to link this into academic, career or civic achievement, making school more relevant and connecting young people to future career pathways. Connected learning esports programmes in universities like the University of California, Irvine are incorporating Career Technical Education, STEM, English Language Arts, and even social and emotional learning[44]. In the same vein, the Digital Schoolhouse programme of Ukie, the UK's video games trade association, uses play-based learning to engage pupils and teachers with computing. The programme is aimed at primary and secondary schools across the United Kingdom and is delivered by an expert network of schools and teachers. In relation to esports, the Digital Schoolhouse Team Battle tournament has reached over 10,000 pupils and 1,000 teams in schools and colleges across the UK. According to Digital Schoolhouse, through immersive careers education, the tournament can help to engage students with digital and soft skills, as well as enable future talent to aspire to careers they have yet to discover[45]. Also, according to a study from the University of Surrey, United Kingdom, female



video gamers are three times more likely to choose STEM[q] degrees compared to non-gamers[46]. The promotion of esports may contribute to bridging the gender gap found in the maths and science fields.

→ **Social inclusion**

People with low levels of education have an increased risk of unemployment, lower lifetime earnings, lower participation in lifelong learning, and less adaptability to change, making them a particularly vulnerable group. Video games and esports have been used in education to engage and motivate children and young people who cannot access a place in a mainstream school or are at risk of permanent exclusion from school, and act as a positive vehicle to facilitate the development of positive personal skills and attributes, such as the ability to cooperate and explore, self-management, independence, responsibility, initiative and enterprise[47].

By incorporating the pursuits and interests of young people, we may not only raise more engaged students, but also better citizens for an increasingly interconnected world.

DIVERSITY

World-class competitions usually feature players from dozens of countries. Amateur tournaments are organised in most corners of the world. Esports have the capacity to be more inclusive and accessible than other competitive endeavours because of the variety of games as well as the comparatively low entry barriers in terms of access and equipment. In addition, esports competitions are gender-inclusive, and women have been on stage in some of the biggest global competitions, such as the Overwatch League or the Hearthstone Grandmasters Global Finals.

Video games themselves are no longer a male-dominated pastime. Currently, around 46% of the world's video gaming enthusiasts are women[48]. Although not yet at the same level, the number of female esports enthusiasts is growing at an accelerated rate and represents 38% of the audience. Historically, however, women have been underrepresented among esports professionals, representing only a fraction of professional players.

Nevertheless, the proportion of women in esports is gradually increasing, thanks in part to trailblazers who have reached the top echelons of video games competitions and to ground-breaking initiatives, such as the French Incubator Programme. This is a partnership between Women in Games France, Riot Games and Ubisoft France that offers personalised individual coaching, media training, meetings with professionals, and participation in mixed-team tournaments. "'See it to be it!' is such an important part of inspiring women into esports! The more women that are successful – and seen to be so, across a multitude of roles within the esports sector, the more girls and women will enter the sector," says Marie Claire Isaaman, CEO of UK-based Women in Games[49]. Isaaman also cites the need to support programmes that help women explore the varied opportunities and professional roles that are available in esports.

In addition to initiatives like those mentioned above, a small number of women-only tournaments offer additional possibilities for female esports players to compete. These tournaments aim to provide a positive and inclusive environment for female esports players. Some of the tournaments act as a stepping-stone to major competitions. However, there are relatively few of these sorts of women-only tournaments, and they do not currently match the spectacle, prestige, or commercial success of many of the sector's more famous, male-dominated, tournaments, "the more the big tournament organisers can showcase female talent at the top the better".



In the areas of racial and ethnic diversity in esports, representation often varies depending on the game and platform. The fighting game community, in particular, has been traditionally perceived as the most ethnically diverse community in competitive video gaming[50]. The origins of the community in the arcade halls of the 80s and 90s and the sustained practice of focusing on live face-to-face competitions seems to have fostered a culture of inclusion and a sense of belonging that has nurtured the current diversity of the community, from top players to tournament organisers, commentators, and content creators[51].

The fighting game community has also been a forerunner in showcasing the talent of female, transgender, and non-binary players, from pioneers Marie-Laure Norindr (Kayane) and Ricki Ortiz to sensation Dominique McLean (SonicFox) who won "Esports Player of the Year" at The Game Awards 2018.

Although there is still progress to be made, the dynamic growth of esports presents a unique opportunity for the video game industry writ large. The most prominent actors in the esports sector are firmly committed to building a diverse and inclusive environment, in which all members of society can compete without discrimination. The Principles of Esports Engagement established by the main global trade associations (see Chapter 1) are an affirmation of this commitment. The associations look forward to strengthening ongoing partnerships throughout esports that help to create a more diverse and welcoming community for all.

q STEM education focuses on four disciplines — science, technology, engineering, and mathematics.



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CONCLUSION

Esports have proven to be one of the most exciting developments in entertainment in the last few years and are poised to become mainstream thanks to their increasing popularity. However, it should not be forgotten that they are still in an early stage of development globally, and in their very infancy in many territories. It is therefore extraordinarily important to promote the conditions that will allow for their growth and maturity.

A direct and fluid dialogue between the video games industry and policymakers is the best way to ensure the continued and sustained growth of the sector. National and international industry-wide associations are here to help coordinate and facilitate this dialogue by providing an authoritative voice for the sector, reliable information about the state of esports, and access to the relevant stakeholders in every territory.

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