

# Looking at the Development Trend of Global E-Sports from the Perspective of Taiwanese Thinking After Covid-19



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## ABSTRACT

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## Opinion

In recent years, the mainstream media has gradually recognized the significance of e-Sports, more and more people thus believe that it can/will become one of the mainstream sporting events of the future (Funk, Pizzo, & Baker, 2018), that is why e-Sports related industries started to grow. The e-Sports industry has created job opportunities for many professional fields, including IT, sales, and engineering. Events held specifically for e-Sports have attracted the investments of franchisees, sponsors and advertisers. Before COVID-19, there has been a dramatic increase in the number of tourists willing to travel to other cities or countries to participate in eSports events (DiLek, 2019). This trend created a new type of travel purpose: e-Sports tourism. According to DiLek (2019), e-Sports attract the audience because they offer them the opportunity to watch talented players and connect them with other fans that have similar interests. After COVID-19, the e-Sports revenue structure has been significantly changed. There was a sharp decline in the number of related offline events, and as a result, tickets and merchandise accounted for only 8% of annual e-Sports revenue in 2022. Because of this, e-Sports started to heavily rely upon brand sponsorships (Newzoo, 2022). According to the statistical data

from Newzoo (2022), the total global eSports revenue increased to \$947.1 million US dollars in 2020.

The global eSports industry is expected to generate nearly \$1.38 billion in revenue and there will be 532 million viewers worldwide by the end of 2022. This shows that after COVID-19, the e-Sports market is still growing. However, the e-Sports revenue structure has been significantly changed. There has been a sharp decline in the number of related offline events, and as a result, tickets and merchandise accounted for only 8% of the annual e-Sports revenue in 2022. Because of this, e-Sports has started to rely heavily upon brand sponsorships (Newzoo, 2022). In addition, since e-sports is based on a kind of sports competition through electronic systems. E-Sports used to be dominated by PC hardware. As technology advanced, games could be played on all kinds of platforms, and mobile games have gained a lot of attention in recent years. In 2016, mobile games had the highest market share among all gaming devices that compete in the gaming market (Newzoo 2018 2021). In 2021, the number of people who watched mobile games surpassed the number of people who watched computer based online games that were presented in e-Sport competitions. This

data shows the popularity of mobile internet devices has expanded the popularity of e-Sports, and in the future, it is possible that mobile gaming will become the main trend among all the different forms of e-Sports competitions.

This shows that the convenience of carrier use will affect the direction of development and popularity of e-sports. While the e-sports carrier continues to evolve, e-sports business opportunities have also expanded beyond software and hardware, events, and media to a wider range. After the outbreak of COVID-19, people lost many opportunities for social interaction, thus the Metaverse became the forefront of the future online world, and Virtual Reality (VR) became a new category in e-Sports. While different forms of e-Sports continue to evolve, e-Sports business opportunities have expanded beyond hardware, competitions, and media. The range has grown much larger, and e-Sports related peripherals are emerging as well. For example: Acer, the e-Sports PC company, launched a “gaming energy drink” called PredatorShot; Adata, the company most known for making DRAMs, also introduced a “gaming chewing gum” called XPG MANA. At the same time, the business model of “e-Sports +” integrated with other industries, which created combinations like “e-Sports + internet cafés”, “e-Sports + hotels”, e-Sports + cafés, e-Sports + bars ... etc. For example, ASUS established the ROG gaming alliance, and it has over 40 gaming internet cafés throughout Taiwan. Every internet café utilizes the best hardware, and some even provide private rooms and showers, which allow some guests to rest or even spend the night.

The service these internet cafés provide are very similar to hotels. Both business models of “e-Sports + live streaming” and “e-Sports + merchandise” have proven that Fan Economy in the e-Sports industry is growing rapidly, and seeking more direct ways to create cash revenue will help the e-Sports industry diversify its revenue sources (NEWZOO, 2022). Merchandise has always been the core source of income for the Fan Economy. As some e-Sports brands continue to release merchandise such as fashion clothing and sportswear, this increases the merchandise revenue potential,

and thus e-Sports brands are slowly shifting towards «lifestyle» brands (NEWZOO, 2022). According to Siwaree & Patcha (2019), Lifestyle brands support the presentation of products as an overall consumer lifestyle reflected in their activities, interests and opinions. The product branding aims to provide consumers with the benefits of emotional and self-expression. Lifestyle experiences are becoming more and more important and diverse in marketing. For example, the Italian luxury brand GUCCI has moved from its initial category of bags, clothing and accessories to a lifestyle of Italian culture and romance through hotels, restaurants, creative showrooms and museums. After COVID-19 swept the world, due to travel restrictions, it has affected how leisure sports are played, and various sports activities almost stopped.

All e-Sports that can be played online have an advantage, and with the introduction of the “Stay-at-home economy” trend, the e-Sports market has boomed even further. However, Taiwan originally had a very good manufacturing environment for e-sports hardware, but lacked the dominance of games, which affected the organization of competitions and the operation of sports teams, and neither the competition organization, sports teams nor media platforms have yet established a profitable business model. Taiwan has not reduced many events due to the COVID-19. Therefore, establishing a profitable business model for Taiwan’s e-sports industry is the top priority. This is consistent with the development trend of the e-sports industry around the world after the epidemic. The next step of Taiwanese thinking is to move towards a complex cultural and creative park. The post-pandemic scenario shows that the e-Sports industry is trending towards diversification of revenue streams and the development of lifestyle brands. The innovation of e-Sports business model is to maintain and create an unreplaceable competitive advantage, and give the e-Sports industry its vision, value, purpose, and meaning through brand positioning. This will to create cash income, and eventually integrate it into the daily leisure lives of the general public.

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