

The Inspiration of Traditional Sports: Strategies for Advancing the Esports Industry

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Abstract: *With the development of the eSports industry, the connection between eSports and traditional sports is becoming increasingly relevant. This research aims to analyse the differences and the similarity between the two industries and to learn the experience from traditional sport industry to develop the eSports industry. The research mainly uses the comparative analysis and literature review as the methods of studying. Delphi method and general industry characteristic analysis method are used as supplementary analysis methods. The result of the research shows that eSports industry can learn from traditional sport in three aspects: regulating market structure and building industry ecology, avoiding policy risks and reducing negative effects, promoting industry innovation and accelerating integration development.*

Keywords: *Traditional sports, Esports, Cross-Research, Digital Transformation*

1. The eSports Paradox: Controversy and Identity

As the development of digital media and new entertainment, the attention on traditional sports from people in the information era especially the youths is declining.^[1] Furthermore, the covid-19 also brought challenge to traditional sport. In this condition, people could not go out and get together as usual. Therefore, the traditional sport activities also could not be held as usual because of the absent of audiences. For holding the sport games, the people in traditional sport industry began to explore how to transfer their activities from offline into online.^[2] As the new project of sport, eSport has a significant feature—the age of its audiences shows a trend of getting younger. Otherwise, two features of eSport, which contains online competition and digital sport style, are also the direction of traditional sport industry in the future. However, with the appreciation of its typical features, eSport still faces with controversy about whether it belongs to sport or not.^[3] Firstly, comparing with traditional sport, the exercise intensity of eSport is not enough. Secondly, when teenagers are addicted to eSport, their study and health are always be harmed.^[4] These are the important evidences which arguing eSport is not included by sport. Therefore, whether eSport belongs to the type of traditional sport or not is still a hot topic with a mass of agreement and disagreement. According to this topic, this paper aims to answer the questions about: 1.The differences and similarities between eSport and traditional sport; 2.How to get useful strategies from traditional sport industry that can boost the integration and development of eSport

2. Cross-disciplinary Research on Sports Centered on eSports

2.1 Research Focus

Currently, cross-disciplinary Research on eSports and sports mainly focuses on three directions: firstly, discussing the correlation between eSports and sports, mainly focusing on sports attributes of eSports. This is a research direction involving the essence, attributes,^[5] and social influence of eSports,^[6] so it is also a fundamental research direction in the early academic research field of eSports. Currently, the views on whether eSports belongs to sports are still inconsistent,^[7] Some countries and regions have classified eSports as sports, while others hold the opposite view. The second direction is the digital transformation of traditional sports. Sports digitalization involves content that overlaps significantly with eSports.^[8] Some traditional sports events have started to learn from the technology, platforms of eSports for transformation and upgrades, such as football, basketball, and racing.^[9] The digitalization of traditional sports has become a new path and breakthrough strategies in the new form

of sports.^[10] The third direction is to explore how to learn from the successful experience of the traditional sports from the perspective of the eSports industry development.^[4] This is the frontier hot spot in the current research field of cross-research, but the relevant research foundation is still relatively weak. From the perspective of the development of the eSports industry, this research draws on complementary elements of the traditional sports industry ecology for eSports, and provides strategies for the institutional construction, organizational setting, and development model of the eSports industry to enrich the theoretical research in this field. This research has important theoretical and practical guiding significance for improving the ecology of eSports industry.

2.2 Research Methods

The primary research method used is comparative analysis. The Delphi method was used during experts' opinion collection, and general industry characteristic analysis method was utilized for a comparative analysis of industry characteristics. Finally, the countermeasures are analyzed by comparing the characteristics of eSports industry and traditional sports industry.

Literature review method is used as an auxiliary research method to sort out the related theoretical framework and research globally, such as the ecological theory of eSports industry, the ecological theory of traditional sports industry, and the integration and innovation mode of eSports and traditional sports, which provide theoretical support and reference to this study.

2.3 Research Process

The Delphi method was employed to gather expert opinions for this study. Through integrating these expert opinions, we determined various listed characteristics or indicators (such as market structure, economic cycle, etc.) of eSports and traditional sports. To ensure the credibility and accuracy of the group decision-making conclusions, eSports-related experts from enterprises, associations, and universities were selected to participate in the Delphi method opinion consolidation process.

During the preliminary survey phase, open-ended questions were primarily designed to explore experts' macro concepts of eSports and traditional sports and the ambiguous industries. Questionnaires were distributed to experts via email. After collecting and organizing the answers, the main views were extracted and summarized. Based on the feedback from the first round, most of the industry characteristics have gained expert consensus (excluding lifecycle and financial features). The second round of questionnaire listed the main views on each market characteristic collected in the first round and invited experts to score the main views from the previous round and once again consolidate opinions.

After two rounds of opinion consolidation using the Delphi method, a consensus was reached among the experts, and the indicators for each characteristic became stable. Ultimately, all survey results were comprehensively analyzed, resulting in a general characteristic analysis table that includes analysis indicators for the industry characteristics of both eSports and traditional sports.

Table 1: General industry feature analysis table

General Industry Feature Analysis	eSports	Traditional Sports
Market Structure	Oligopoly: A relatively small number of eSports manufacturers at the upstream of the industry occupy a large market share, and they have certain monopolistic power over market prices and transactions. Tencent is a leading company in this industry.	Imperfect Competition: Different sports events and various levels of competitions have obvious differences. Each sub-industry and brand has a certain monopoly power in its niche market, but there is still a certain degree of competition between sub-industries and different brands.
Economic Cycle and Industry Analysis	Growth-oriented industry: The industry mainly relies on technological advancements, the introduction of new products, and better services for development. The eSports industry is rapidly growing globally, especially in emerging markets, and the industry continues to innovate, such as virtual reality eSports, mobile eSports, etc.	Combining Defensive and Cyclical Industry Characteristics: Sports, as a daily entertainment and cultural activity for residents, have relatively stable demand and are not significantly affected by economic cycles, giving them the characteristics of a defensive industry. Only part of the industry like sports events, sponsorship, and broadcasting markets are significantly affected by economic cycles, showing the

		characteristics of a cyclical industry.
Industry Lifecycle Analysis	Transition from Infancy to Growth Stage: In recent five years, the eSports industry has gradually entered the growth stage. Some larger companies have gradually dominated the market. New industry products have been widely promoted and tried by consumers, gradually winning the favor or preference of the public. Market demand has risen rapidly, entering the investment opportunity period, and many new companies have entered the market.	Transition from Growth Stage to Maturity: The overall traditional sports industry in China is still in a relatively fast-growing phase. A small part of the segmented areas has entered maturity, and this mature market grows steadily but at a slower rate.
Industry Concentration	Oligopoly: The eSports industry has a very high concentration. In terms of regional concentration, the eSports industry as a whole presents a characteristic of high regional concentration, with the CR4 distribution of eSports companies in provinces and cities reaching 43.14% in 2022. From the perspective of revenue structure, the income brought by online games accounts for over 80%. In terms of market share, a few leading companies like Tencent and NetEase occupy a large market share.	Competitive: The sports industry includes multiple sub-sectors such as sports events, sports goods, and sports services. Each sub-sector has multiple competitors, with relatively low concentration. The sports events and sports goods industries have leading companies, but their proportions are not high and belong to low-concentration competitive types. Most branch, such as sports training and fitness exercises, show diversified features and belong to dispersed competition type.
Industry Financial Feature Analysis	Financial characteristics of the industry: High R&D and marketing expenses, low marginal costs, light assets. Capital structure: Diversified. Income stability: Relatively unstable, but there are high-risk and high-return tracks. Investment security: The investment risk is relatively high. Investment in upstream leading R&D companies in the industrial chain is stable, while investment in downstream events and related industries in the industrial chain is unstable.	Financial characteristics of the industry: stability, high fixed costs, long-term returns Capital structure: Fixed Income stability: Relatively stable but low income and long return cycle Investment security: The investment is relatively stable, but the return cycle is long, and it is greatly affected by the economic cycle, political events or other emergencies (such as the COVID-19 epidemic).
National Policy Feature Analysis	Industries with policy risks: eSports, as an emerging industry, faces a series of policy risks, including addiction and health, copyright ownership, data security, and age restrictions. At present, the country has not yet issued a national-level document that clearly supports the development of the eSports industry.	National-supported industry: The country supports the sports industry, believing that it can improve the physical health of the people and the international image of the country. Very few areas have policy risks, and these areas mainly involve anti-doping, fair competition, and sports ethics issues.
Industry Evolution Analysis	Frontier technology: The external boundaries of the industry are constantly expanding, giving birth to new business formats. Frontier scientific and technological technologies such as VR/MR/AR/virtual intelligence have a huge impact on industry evolution.	Digital sports: The trends of digitalization and globalization have brought new opportunities to the sports industry. Live streaming, virtual reality, and other technologies have created a new viewing experience for sports events. Digital sports and online sports have become the direction of evolution.
Leading Organization Analysis in the Industry	Game companies dominate: Whether from market size or industry influence analysis, the leading organizations in the eSports industry are head game developers such as Tencent, NetEase, and Blizzard. There are fewer associations and international organizations, and their influence and credibility are limited.	Associations and regional organizations dominate: Some companies have an advantage in a few specific markets such as sports equipment, stadiums, and sports facilities. However, in terms of industry influence, the International Olympic Committee, National Olympic Committees, and various sports associations or professional league alliances have global influence and absolute dominance.

3. Insights from Traditional Sports for the Development of the eSports Industry

3.1 *Regulating Market Structure and Building Industry Ecology*

According to the analysis of the general industry feature table, the eSport industry is in the high-speed development stage of the industry lifecycle. However, the structural issue currently present in the eSports market is that the industry concentration is too high. The market was occupied by a few oligarchs like Tencent. These head companies have enormous rights of the market which damages the fair competition and the vitality of industry. Whereas the sports industry's market is entirely different, which is a typical imperfect competition structure. There are many branch in sports industry which contains competition in their respective market segments, and those competition has promoted the development of the industry. To establish a healthy and stable industry ecosystem, the eSports industry can get experience from traditional sport industry via following three aspects.

Based on the perspective of market regulation and competition norms, the traditional sports industry has established a comprehensive market regulation mechanism and competition norms through long-term development. Government agencies and sports bureaus, as top-level designers, play a role in overall coordination and regulation of the sports industry. Various industry associations standardize and supervise sports events within Industry consensus. For example, the International Olympic Committee and international sports associations all have global influence on a global scale. The leadership and supervision of these non-profit organizations independent of the event operators are beneficial to the normative development of the industry. In contrast, esports industry obviously still has shortcomings in terms of supervision and norms, and the eSports events are usually dominated by the game manufacturers who have mastered the copyright, lack of industry standards, and do not specify the competent authorities. Therefore, by learning from the experience of the sports industry, all kinds of eSports types should be incorporated into the competition management system of sports administration at all levels, and then the sports authorities set up associations under the sports administration, and the competent authorities, associations and enterprises jointly develop the norms and standards of esports. Industry should then establish a non-profit international organization with global influence to supervise and regulate all kinds of events to ensure the standardization and justice of the market.

Based on the perspective of industrial richness and completeness, China General industry feature analysis table shows that the sports industry has 11 sub-industries, such as sports management, sports competition performance, sports fitness and leisure, sports venues, sports training and education. The upstream and downstream industry chains of each subdivision industry have tended to mature, and the total scale of sports industry in China has been close to 3 trillion. The eSports industry is obviously unbalanced in structure, more than 80% of the industry income comes from esports games, the industrial chain is imperfect, and the profits of the middle and downstream industries are limited. By learning from the development experience of the sports industry, the e-sports industry should advance the layout of fields such as science and technology research and development, hardware design, e-sports education, etc., which currently have limited benefits but have long-term value, the relevant government departments to give policy and financial support to currently low-profit sub-sectors, so as to achieve the diversified development of the industry, reduce the dependence on a single market.

Based on the perspective of legislation and industry standards, although there is still a small gap between the legislation of the sports industry and that of the mature industry, the constantly revised Sports Law and the judgment of the International Court of Arbitration for Sport also provide certain protection for sports at the legal level, and the sports industry has been very perfect in terms of industry standards, including the management norms of various sports and athletes. There are still gaps between eSports and traditional sports, relevant government departments should develop and improve the eSports related legal norms and implement supervision, industry associations should actively promote the construction of industry standards system, starting from the development of group standards, promote the development of industry standards and even national standards, to provide a strong guarantee for the healthy and stable development of the e-sports industry.

3.2 *Avoiding policy risks and reducing negative effects*

According to the results of *table 1*, national policy feature analysis shows that eSports industry has policy risks and negative public opinion. Among them, the most important and the most widespread problem lies in the negative impact of eSports carrier electronic games on teenagers. In the early stage of the development of the eSports industry, the lack of supervision, the lack of restrictions on teenagers,

and the addictive game mechanism designed by the game manufacturers for profit make the minors with weak self-control easily addicted, thus affecting the physical, psychological and mental health of the young audience.^[3] To face these challenges, the eSports industry can get experience from traditional sport industry via following two aspects.

Based on the analysis of policy risks, traditional sports enjoy comprehensive support from national and local governments as a green industry. However, the support policies for the eSports industry are mainly limited to industrial development and competitive events. In 2004, the State Administration of Radio, Film, and Television in China issued a regulation banning the broadcasting of online game, which resulted in the disappearance of eSports from traditional TV and media. The restrictions on minors playing online games by the National News Publishing Bureau have highlighted the policy risks of eSports. However, these risk points mainly target at online games, and the boundary between eSports and online games is currently unclear, making it difficult for the public to clearly define the differences between the two. eSports, as a form of competitive activity, should focus on competition and skills, and it has essential differences from online games. Therefore, the industry should clearly define the differences between eSports and online games to make eSports competition more like sports competition, which can be achieved by promoting understanding and respect for the sports attributes of eSports through publicity and education. By separating eSports events from online games, eSports can become more professional, standardized, and sports-oriented, reducing external misunderstandings and prejudices and obtaining more positive policy support.

Based on the analysis of negative effects, the main negative effect of eSports is youth addiction, which is a phenomenon that traditional sports do not involve at all. The eSports industry should pay attention to the supervision of minors participating in eSports, cultivate positive eSports culture, and develop motion sensing based eSports. First of all, strengthen the protection measures for minors, limit the game time, and guide more teenagers to change from the role of participants to spectators to participate in eSports. Secondly, eSports should absorb the top-level design, culture and competitive spirit of traditional sports, and provide a more positive value orientation by introducing the spirit core of fair competition, anti-cheating, anti-doping, and teamwork. Develop new eSports forms such as indoor golf and online marathon that achieve physical participation with the help of motion sensing technology, so as to fundamentally solve the health problems of teenagers and eliminate the controversy over whether e-sports is a sport.

3.3 Promoting industry innovation and accelerating integration development.

The traditional sport has experienced a digital transformation by technological updating and sport mode analyzing which contain the biometric monitoring of athletes, digital analysis of competition, the innovation of live broadcasting. Meanwhile, eSport can carry the innovation of sport mode. For example, the frontier technologies such as VR (virtual reality) and AR (augmented reality) which not only can provide a more realistic experience to players but also can encourage them to engage in physical activities that leads to the reduction of the prolonged sitting. With the VR technology, players can move and interact with each other in visual arena. This mode combines the eSport and traditional sport, which leads to a new direction for eSport industry.

From the views of industry integration and development, how to integrate the traditional sport industry with other industries becomes the main discussion in recent years. For example, the combination of sport and travel is named *sport tourism*, events like marathon can simulate the local tourism including accommodations, transportation and shopping. The combination of sport and culture creates abundant sports stars, sports movies and relevant musics which can expand the fan base for sports. The combination of sport and education not only can give birth to professional sports colleges and training center, but also can use sports to teach other subjects. The eSport industry can get the experiences from these examples to build a deep integration with other industries such as combining with travel, education and culture. It can bring the new opportunities to eSport industry.

Standing at the view of globalization, traditional sports industry has developed maturely. Some major international sporting events like The Olympics, the World Cup, or the global layout of various sports brands can bring significant commercial value to the sports industry, in which the eSport industry can learn from. ESports can set up the credible international organizations and get the approval from the major international sports organizations like IOC, then plan more eSport competitions which can promote eSport products and boost its global layouts. These strategies not only can bring more market opportunities to eSport industry but also can advertising the eSport culture globally.

4. Conclusion

There is a unique connection between eSports and traditional sports. By comparing the industry characteristics of eSports industry and special sports industry, we mainly find the following three development strategies for eSports industry: regulating market structure and building industry ecology, avoiding policy risks and reducing negative effects and accelerating integration development.

In summary, eSports belongs to sports, but the nascent esports industry, compared to the mature traditional sports industry, still has distance in many aspects. ESports industry can learn from the experience of the traditional sports to promote the sustainable development.

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