



ASSOCIATION
OF SUMMER OLYMPIC
INTERNATIONAL FEDERATIONS

**MAJOR DETERMINANTS
FOR INTERNATIONAL
FEDERATIONS TO ADOPT
ESPORTS AS PART OF THEIR
DIGITALISATION STRATEGIES**

2019 ASOIF





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Abbreviations

AISTS	International Academy of Sport Science and Technology	IF	International Federation
AR	Augmented Reality	IJF	International Judo Federation
ASOIF	Association of Summer Olympic International Federations	IOC	International Olympic Committee
BWF	Badminton World Federation	ITF	International Tennis Federation
CEO	Chief Executive Officer	MLB	Major League Baseball
COO	Chief Operating Officer	MOBA	Multiplayer online battle arena
FIA	Fédération Internationale de l'Automobile	NBA	National Basketball League
FIBA	Fédération Internationale de Basketball	NFL	National Football League
FIFA	Fédération Internationale de Football Association	NHL	National Hockey League
FPS	First-person shooter	PGA	Professional Golfers' Association
IAAF	International Association of Athletics Federations	UCI	Union Cycliste Internationale
		VR	Virtual Reality
		WS	World Sailing

Executive Summary

Esports, the world of competitive and organised video gaming, is currently a popular subject of discussion amongst IFs and has even been suggested as a potential new event or discipline for the Olympic Games. According to a recent report from Newzoo, a market analytics company, global esports revenues reached USD 906 million in 2018, with year-on-year growth of 38.2% compared to 2017 (Newzoo, 2018). The opportunity of esports as a development tool and as a potential revenue stream is too great for any IF to ignore.

There are some pioneer IFs, such as FIFA and WS, the former having licensed EA Sports which has created the most popular sport-centric video game to date – “FIFA Football” – and the latter, in partnership with Virtual Regatta, has successfully launched the first eSailing World Championship in 2018 which had more than 16,200 registered eSailors from 74 countries enter the competition (“eSailing World Championship set for Florida finale”, 2018). For the rest of the IFs, esports remains relatively unfamiliar territory.

The significant economic potential of the esports business has led many IFs to show interest in taking advantage of the opportunities presented by the esports world. They have begun to consider building their own esports platforms and electronic versions of their sports.

However, it is clear that the individual characteristics of all sports are not equal in terms of their easy adaptation to an esports version. Those with a high degree of technological input that can be shared with “live” competitors and fans at home in real time are best placed to take advantage. The prime example is World Sailing’s simulation of its off-shore or ocean racing which can last several days and includes strategic competitive decision-making made on-shore based on weather and technology data. WS has been quick to exploit this by putting in place its esports competition rules and regulations for that version of the sport, thus establishing more or less “ownership” of its esports offering.

FIFA, on the other hand, has built up its esports offering over many years to establish a dominant position in the market through a simulated game that

offers players the chance to take part in a game that uses state-of-the-art technologies to improve the fan experience year after year.

The purpose of this study is to answer a key question: what are the major determinants for these IFs to decide whether or not to adopt esports as part of their digitalisation strategies and to propose some recommendations for the IFs’ successful implementation of an esports platform?

This research is based on a qualitative study supported by a quantitative survey analysis. A questionnaire was constructed and all 33 ASOIF members (28 full and 5 associate¹) were requested to take part in order to establish the current status of the IFs’ engagement in esports and the main determinants which affect their decision-making processes. This is followed by a data analysis illustrated by pie charts and bar charts. In addition, correlation analysis was applied to the raw survey data, with the aim to further consolidate the preliminary conclusions. Finally, based on the results from the questionnaire, tailored interviews were conducted with a number of experts from different fields including IFs, game publishers and representatives of the sports business in order to validate the findings from data analysis and to collect information for final recommendations.

The results obtained through the questionnaire found that the majority of the IFs is currently undertaking esports projects with a basic understanding of what esports exactly is before they make a final decision, even though most of them remain at an early stage. Regarding the decision-making at the organisational level, the major determinants for IFs are generally based on economic and rational arguments.

Interestingly, most IFs expect to see “transfer effects” from their proposed esports engagement to support the development of their existing sport offerings.

They anticipate this will enlarge their existing fan base and enhance mass youth engagement and participation. By doing so they hope to increase exposure and influence of the IF, eventually generating increased revenue while recruiting a younger audience. However, due to the lack of persuasive statistics to substantiate

¹ 33 members of ASOIF – <http://www.asoif.com/members>

the above transfer effects, it is too early to judge whether or not esports will deliver on these ambitions.

For every IF, it is important to understand the ultimate objective of building an esports platform, to have access to sufficient financial resources for the development of such a platform, to choose the correct partner to collaborate with and to define the best approach to position the final product.

Importantly, an IF should not only work actively on establishing “ownership” of the “e” version of its sport, but also on creating or establishing virtual rules of the esports version and embedding these within their existing regulations. This will ensure the IF’s ability to sanction (approve) and regulate its sport’s virtual competitions. IFs should also pay close attention to other general elements such as protecting the integrity of their sports, including anti-doping, anti-corruption

and match-fixing through appropriate youth education on esports (ASOIF, 2019).

Finally, in collaboration with game publishers, IFs should learn to build up an eco-system around its esports platform and connect it with other digitalisation approaches in order to make the full IF digitalisation system dynamic and sustainable. There is a high level of investment required, knowledge needed and a high level of risk in investing in an esports version of a traditional sport. This indicates that, for the vast majority of IFs, the best strategy is to enter into a collaborative partnership with a game publisher which is prepared to share its expertise, invest financially in the product itself and thus share the risk involved (ASOIF, 2019). Such partnerships probably need to be long-term as the sector is fast evolving and demands a high degree of flexibility to get the product right and keep it current.

Abstract

The emergence and rapid growth of the esports industry and its appeal to young audiences has made it impossible for sports governing bodies and rights holders to ignore the potential impact on their sports. This paper aims to determine the major factors IFs consider when deciding whether to adopt esports as a tool to digitise their sports offering and aims to establish the current status of the IFs’ engagement with esports. The research findings will deepen the IFs’ understanding of esports and support their decision-making concerning the esports sector. This research is a qualitative study which analysed the collective data of 26 completed questionnaires

from IFs and conducted interviews with experts from three fields: IFs, game publishers and the private sector. It was found that most IFs remain at an early stage in their esports development and that not all are equally suited to the development of an esports version of their traditional sports offering. Economic and rational arguments significantly outweigh the social arguments indicating that the former should be the major determinants in deciding whether to adopt esports in their digitalisation strategies. The paper proposes recommendations to support IFs which wish to further explore the potential opportunities on offer.

Introduction

In a fast-changing world, almost all industries are affected by digital transformation and the sports sector is no exception. More so now than ever, all elements in sports are becoming digital and measurable (Krzanich, 2016). Digital media has significantly improved sports, primarily through broadcast and media, as well as via training preparation and realisation (Dugalić, 2018). New digital tools and advanced technologies have significantly changed how people interact with sports and the fan experience in general.

As one of the latest digitalisation tools, “esports”, which is often interpreted as encompassing electronic versions of sports and competitive e-gaming, has become a business estimated to be worth almost USD 1.5 billion by 2020, with some players already competing for prize pools of up to USD 24 million (Dwan, 2017).

In the past few years, there have been many debates over “whether esports is sport or not” or “should esports be part of the Olympic Movement”. Despite the fact that only 10 percent of sports industry leaders favour an early Olympic debut for esports, it may still become part of the Olympic Games (Morgan, 2019). While esports will not officially be on the programme at the 2024 Paris Olympics, organisers revealed that “virtual and connected” events will be organised alongside sporting competitions due to be held in the French capital (Morgan, 2019). In fact, the 2024 Games are expected to include World Sailing’s off-shore ocean racing which, as a discipline, has already established a significant following of “real-time” e-gamers through its collaboration with Virtual Regatta. In addition, in 2017, the Olympic Council of Asia (OCA) decided to include esports in the official programme at the 2022 Asian Games in Hangzhou, China (Graham, 2017).

With reference to the IFs and their engagement in esports, the most successful example that easily comes to mind is the FIFA-series, which was notable for being the first sport-centric game to have an official license from FIFA, the world governing body of football. Apart from the success of FIFA franchises, another pioneer IF in esports – World Sailing (WS) – launched its first-ever eSailing World Championship in 2018 with the entry of more than 16,200 registered eSailors from 74 countries in the competition (“eSailing World

Championship set for Florida finale”, 2018). However, for the rest of the summer Olympic IFs, little has been done even though there is already a large number of electronic versions of these summer sports already in existence.

This paper will examine the current situation/status of the IFs’ engagement with the esports industry, i.e. the IFs’ strategic plans for esports or electronic versions of their existing sports in the market etc. While trying to establish the “best practices” for the IFs to better engage themselves in esports, this research paper will mainly focus on the major determinants for IFs to adopt esports as a key part of their digitalisation strategy and the feasibility of a business model for them.

Literature Review, Theoretical/Conceptual Framework

Defining esports

Esports has only recently received wide attention around the world and still there are arguments as to whether esports can be considered as real sport. According to the Council of Europe's European Sport Charter, sport means all forms of physical activity which, through casual or organised participation, aims at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels (Council of Europe, 2001, n.p.). In addition, the body and physical activities of the player are still an important part of the overall sporting activity in reality (Witkowski, 2012). Even though the outcome-defining events of the sport occur within the confines of an electronic, computer-mediated environment, it does not in any way imply that esports cannot be physically taxing for the players (see also Taylor and Witkowski, 2010; Witkowski, 2009, 2012). Nevertheless, for instance, those dancing video games on the console platform, are as physically demanding as other traditional sports. Esports are commonly organised around specific genres of games, such as multiplayer online battle arenas (e.g. League of Legends, Dota 2), first-person shooters (e.g. Counter-Strike: Global Offensive), real time strategy (e.g. Starcraft 2), collectible card games (e.g. Hearthstone) or sports games (e.g. FIFA-series), therefore they form many sub-cultures within esports, in the same way that "traditional" sports do (Hamari, 2016).

While the esports industry is growing increasingly rapidly, only a few pertinent researches presented a definition of esports. Esports is a "form of sports where the primary aspects of the sport are facilitated by electronic systems; the input of players and teams as well as the output of the esports system are mediated by human-computer interfaces"; In more practical terms, esports commonly refer to competitive (pro and amateur) video gaming that is often coordinated

by different leagues, ladders and tournaments, and where players customarily belong to teams or other "sporting" organisations which are sponsored by various business organisations (Hamari, 2016).

Furthermore, in any analysis, it is important to make a distinction between esports based on traditional sports and gaming. Esports are not commonly perceived as "electronic" versions of "traditional" sports such as soccer, basketball, or track and field disciplines even though such simulations of "traditional" sports are also played as esports such as the FIFA and NHL games (Hamari, 2016). Esports is shortened from the term "Electronic Sports" and is also known as "competitive video gaming, professional gaming". These are in the form of competitions held on specific multiplayer online video game platforms that have team-based elements or single player-based strategy elements. These competitions have inevitably hit mainstream media, resulting in some confusion as to the difference between games generally and esports specifically (Ayodele, 2019).

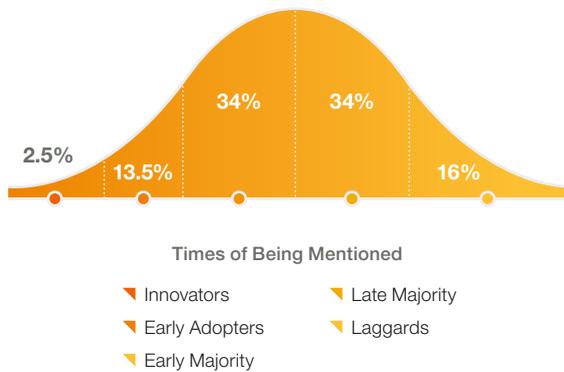
Diffusion of Innovation

Esports, as a new and innovative digital element, still remain questionable in terms of viability for most of the traditional IFs. In fact, the current situation of IFs' involvement in esports have well demonstrated the "Diffusion of Innovation Theory", which indicates that adoption of a new idea, behaviour, or product does not happen simultaneously in a social system; rather it is a process whereby some people/organisations are more apt to adopt the innovation than others. When promoting an innovation there are different strategies used to appeal to these five different adopter categories: innovators, early adopters, early majority, late majority and laggards (see Figure 1) ("Diffusion of Innovation Theory", 2019).

Scholars agree that the “Innovation” concept is central to economic growth and sustained competitive advantage (Damanpour and Wischnevsky, 2006; Tushman et al., 1997). Innovation can contribute to the improvement of firm management (Leifer et al., 2000; Van de Ven, 1986), allowing managers to introduce

changes in the organisation to create new opportunities or to exploit the existing ones (Drucker, 1985; March, 1991). Given the environment in which organisations currently operate, marked by global competition, rapid technological advances, and resource scarcity, innovation becomes essential to grow, to be effective, and to survive (Golinelli, 2011; Moran et al., 2011).

Figure 1: Diffusion of Innovation Theory

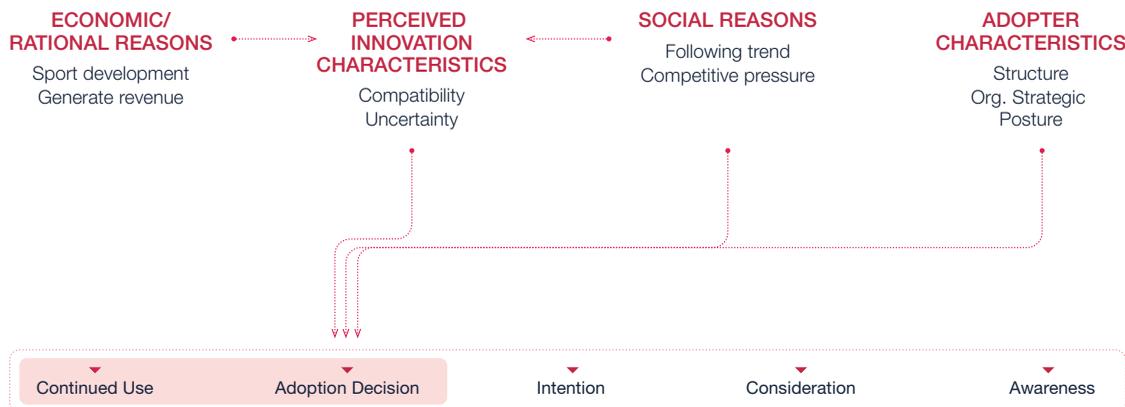


What are the determinants for a sport organisation to take actions and become the pioneer? Figure 2 below shows the factors that have been found to affect innovation adoption at the organisational level, which is a simplified version from the conceptual framework of organisational innovation adoption (T Frambach & Schillewaert, 2001).

This framework is consistent with classical models of organisational buying behaviour (Webster and Wind, 1972; Sheth, 1973; Choffray and Lilien, 1980). These models include individual characteristics, interpersonal and organisational factors, as important variables affecting the organisational buying decision process and these are largely reflected in this framework.

However, there is not much scientific evidence indicating what type of reasons (economic or social) are the major determinants or playing a bigger role in the process of decision adoption at organisational level.

Figure 2: Conceptual framework of organisational innovation adoption



Research Methods

This research paper is mainly based on a qualitative study, with assistance of quantitative survey analysis. To answer the two major questions, the first step is to conduct a systematic review of literature based on keywords, on databases of articles from different disciplines, which is followed by categorisation of papers and cross-validation based on the findings of previous reviews.

Following the overall review, a questionnaire (Appendix I) was developed for all the 33 members of ASOIF with the purpose of establishing the latest status of IFs' engagement in esports, their attitudes towards esports and the incentives behind them. The questionnaire consists of 16 items, of which the majority are control questions (Yes or No) with a few questions of multiple choices and short explanation. As of August 31st 2019, 26 completed questionnaires were received, including from 23 of the 28 ASOIF full members (those on the permanent programme of the Olympic Games) and three of the five associate members (those included in the programme of the Tokyo 2020 Games only). Most of the questionnaires were completed by people at the IF director/manager level.

To analyse the data collected from completed questionnaires, pie charts and bar charts are utilised to visualise the results in order to draw conclusions. Following the visualisation, correlation analysis is applied to the raw survey data as well, which aims to support the early hypothesis and to further consolidate the preliminary conclusions.

Finally, based on the results from the questionnaires, semi-structured interviews were conducted with seven experts from several different fields including IFs, game publishers and business. All the interviews were transcribed in order to collect relevant information to answer the major questions of this paper.

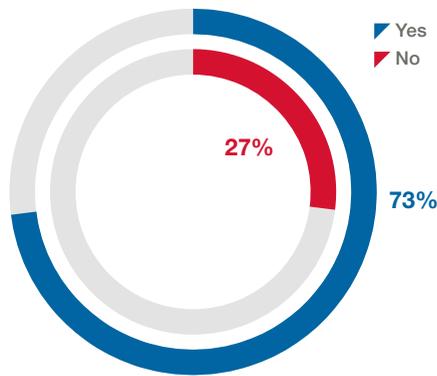
Limitations apply to this study as a result of a relatively small sample size. Even though the response rate is high (26 out of 33), this study only focuses on summer Olympic IFs without taking winter IFs or non-Olympic IFs into account. Meanwhile, it is unknown exactly whether the answers in the questionnaire represent the IFs' collective understanding or only the personal thought of the individual respondents.

Results and Discussion

The primary aim of the data collection and analysis is to establish the latest status of IFs' engagement in esports and their reasoning behind that engagement.

For every IF, it is first important to understand what exactly is esports and to distinguish it from e-gaming.

Figure 3: Percentage of IFs considering esports and e-gaming as different products



According to the survey, more than 70 percent of the surveyed IFs believe that esports is different from e-gaming, stating that esports is an organised competition amongst players on an electronic gaming platform whilst e-gaming is merely an action or practice of playing an electronic game for fun or socially. It demonstrates that the majority of the IFs have understood what is behind the term “esports” before they make any decisions on involving themselves with this entirely new product.

However, esports is not a new idea for every IF. Nine out of twenty-six surveyed IFs have licensed or developed at least one video game in the past and this number is believed to be higher than five years ago. Those nine IFs include FIFA with its ground-breaking “FIFA Football” video games, one of the best-selling video game franchises and WS, which launched its first eSailing World Championship in 2018 with more than 16,200 eSailors completing over 80,000 races. On the list, one could also spot a few surprising names like UIPM, which is generally believed to be difficult to be adapted to an electronic game. Moreover, FIFA and WS are believed to be the two most successful IFs/ sport organisations in esports engagement amongst 26 survey respondents, followed by some North America professional sport leagues, such as NBA, NFL, NHL etc.

Figure 4: Percentage of IFs licensing or developing video games

Has your IF ever licensed or developed any video game?

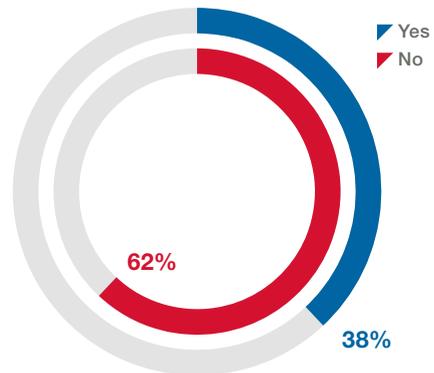


Figure 5: Successful IFs/sport organisations in IFs' views

Which IFs or sport organisations do you think are successful in esports engagement?

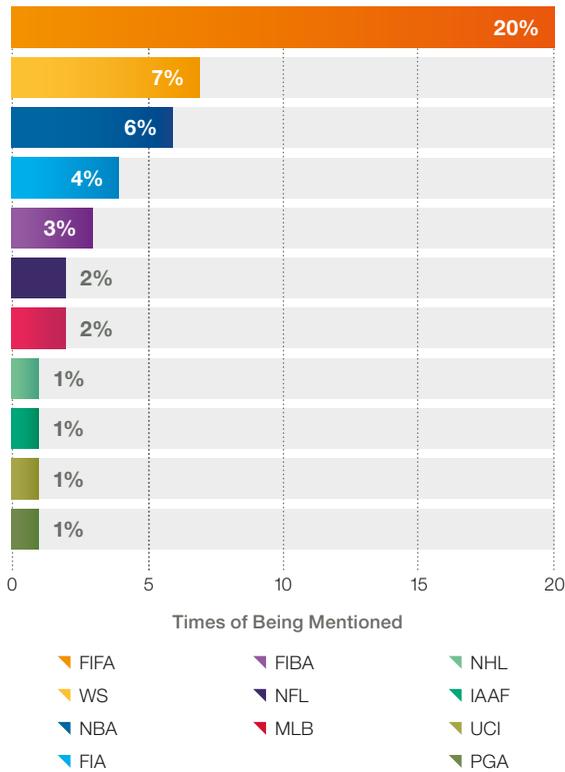
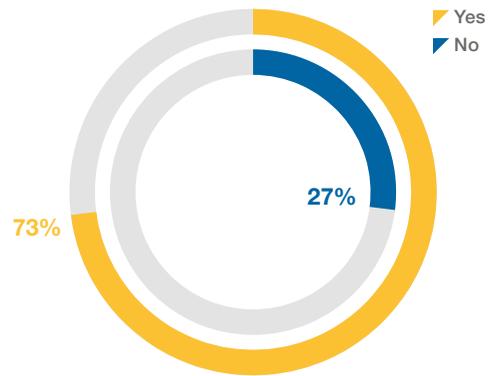


Figure 6: Percentage of IFs working on esports projects

Does your IF currently work on/plan to launch any esports projects?

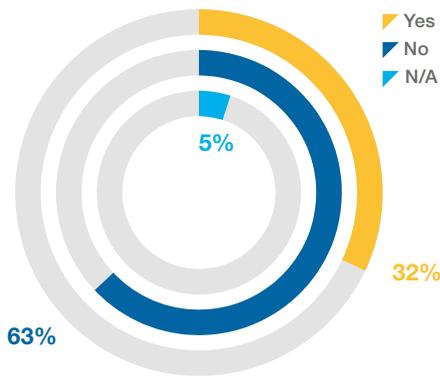


However, apart from FIFA and WS which are capable of organising world championships within their own virtual esports platform, most IFs are either at a preliminary stage with their projects or still exploring potential opportunities in the esports business.

Under the current wave of esports, more and more traditional IFs are being caught up by the idea of digitalising the sport by developing their own electronic games. Therefore, it is no surprise that more than 70 percent of the surveyed IFs are currently working on or plan to launch esports projects in the near future.

Figure 7: Percentage of IFs establishing the rights over esports competition

Has your IF established the rights to organise or to sanction esports competition of your sport?



As demonstrated in the above two pie charts, only one third of the 26 surveyed IFs have established the rights to organise or to sanction esports competition, especially when the majority of them plan to simulate virtual competitions within their esports platforms. When it comes to the rules and regulations over the competition, the percentage is even lower. For most IFs, building up a complete eco-system around esports will be a long-lasting and challenging task.

Meanwhile, the time it takes to build such a system might well depend on how much money an IF invests on the project. Given that nowadays a few IFs' annual revenues have surpassed USD 50 million, the IFs' investment in their esports projects is relatively low as most IFs' budgets remain below USD 200,000 per year.

Figure 8: Percentage of IFs establishing rules & regulations for esports competition

Has your IF established a specific set of rules and regulations for esports competition of your sport?

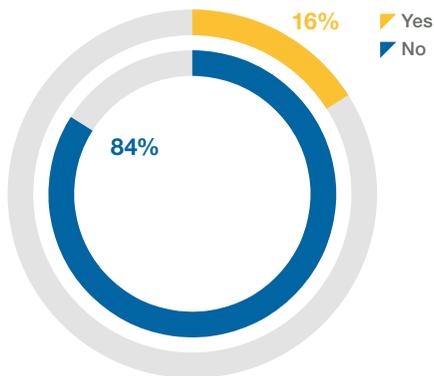
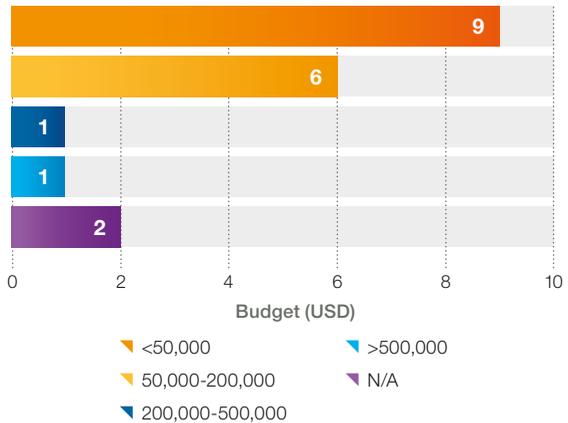


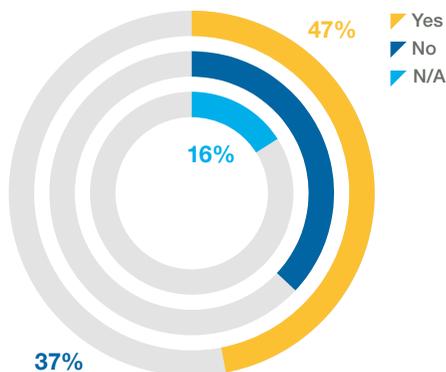
Figure 9: IFs' annual budget for esports project



However, the future is promising as a large number of IFs have already seen their return on investment from their esports platform even though most of them did not set “generate revenue” as their priority from the very beginning.

Figure 10: Percentage of IFs’ esports project delivering revenue

Does the project deliver revenue for the IF?

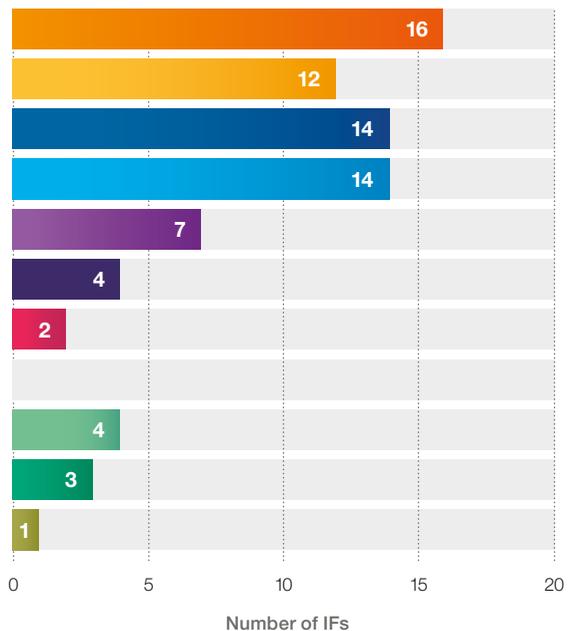


After establishing the current status of the IF’s engagement in esports industry, it is more important to understand the incentives behind it, namely, the major determinants driving the IFs to adopt the decision to make esports part of an IF’s digitalisation tool.

Among the IFs which decided to develop their own esports platform, the majority believe that esports can serve the following purposes: 1) enlarging the fan base; 2) better engaging the existing fan base; 3) increasing the exposure and the influence of the sport and 4) attracting a younger generation to participate in the sport. In a word, most IFs are expecting some transfer effects from their planned/existing esports platform to further promote the traditional sport to a new and higher level, especially in terms of the fan base and youth participation.

Apart from sport development, a few IFs expect their esports platform to generate revenue for the organisation and to make esports another discipline under their current competition structures as well.

Figure 11: Reasons why the IF decided to involve esports



- ▶ **R1** To enlarge the fan base
- ▶ **R2** To better engage the existing fan base
- ▶ **R3** To increase the exposure and the influence of the sport
- ▶ **R4** To attract a younger generation to participate in the sport
- ▶ **R5** To generate revenue
- ▶ **R6** To create a new discipline in the current competition structure
- ▶ **R7** To follow the trend of esports/e-gaming
- ▶ **R8** To follow the trend of IFs getting into esports
- ▶ **R9** To become the pioneer among the IFs
- ▶ **R10** To show the inclusivity of the sport/IF
- ▶ **R11** Others

The above reasons make up the major determinants for an IF to adopt innovation – namely, esports as part of its digitalisation strategy and they are what has been described in the literature review as “Economic/Rational Reasons”. On the contrary, only a few IFs launched their esports projects for such reasons as “to follow the trend” or “to become the pioneer”, which could be interpreted as “competitive pressure” as part of the “Social Reasons”.

Based on this finding, we may assume that the major determinants for an IF to adopt esports at the organisational level are economic/rational factors, which significantly outweigh the social reasons.

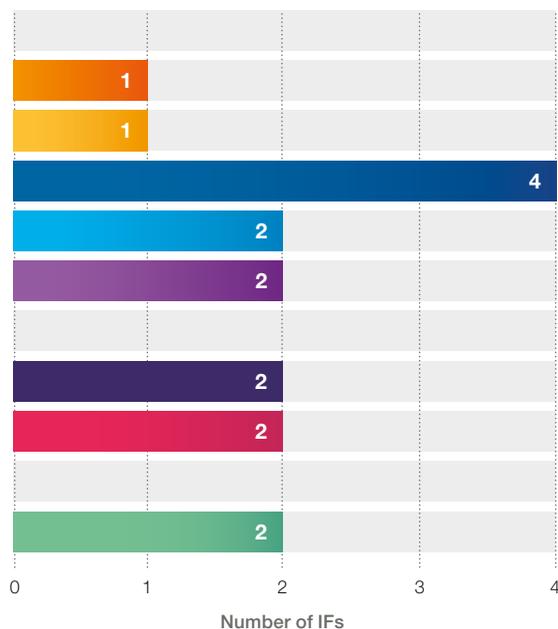
In order to validate this assumption, a correlation analysis is applied by examining the reasons why some IFs decided not to involve esports at the moment or in the near future.

As illustrated by Figure 12, most IFs decided not to involve themselves in esports because their sport cannot be easily digitised or adapted to an electronic game. It is seemingly a technological reason but after examining the IFs' responses on their challenges they have encountered, this technology issue could be interpreted as "money" issue in essence. In terms of innovation adoption, the more money an organisation invests, the less technological challenges it will encounter, since advanced technology is not affordable to everyone.

Amongst the 26 responses to the question "what are the potential challenges/difficulties for your IF to launch an esports project?", the two most mentioned words are "budget" and "cost". It is no surprise that an esports platform or video games are not cheap to create. Some video games have even higher budgets than blockbuster movies because of the level of complexity and depth that games these days could reach. For example, "Grand Theft Auto V" estimates place the combined marketing and development budgets of the game at more than USD 265 million, which would make it the most expensive video game ever created (Smith, 2018). Plus, this number has way surpassed most IFs' annual revenue already. Therefore, this technological challenge is, in fact, part of the economic/rational reasonings also.

In addition, some IFs feel that esports does not contribute to further developing or promoting their sport and they do not see the transfer effects from the existing esports platform to the traditional sport. During the discussion with Thomas Lund, Secretary General from BWF, he raised the issue of fan interest transference asking, "Can that fan interest be transferred into watching more sport on TV or make you play more sport in real life? There is no strong evidence for this transfer effect turning these gamers into real sports fans." Currently, there is not much statistical evidence to substantiate esports' ability of enlarging fan bases or boosting youth participation, even though Andy Hunt, the CEO of WS, stated that

Figure 12: Reasons why the IF decided not to involve esports



- ▽ R1 Esports is not a real sport
- ▽ R2 Esports does not comply with the Olympic Values
- ▽ R3 Public's attitudes towards esports still vary significantly
- ▽ R4 Our sport is not easily digitised/adapted to an electronic game
- ▽ R5 Esports does not contribute to developing our sport
- ▽ R6 There is no strong case for a return on investment
- ▽ R7 Our IF has better digitalisation approach
- ▽ R8 No transfer effects from esports participation to the sport
- ▽ R9 No promotional effects for the sport nor the corporate identity
- ▽ R10 Esports should not be included in the Olympic Movement
- ▽ R11 Others

"It is still too early to tell right now, but we are confident that 10 percent of our inshore game players are new fans. We have begun to collect more data in 2019."

Furthermore, there is no strong case for a return on investment thus these IFs without esports commitment are currently focusing on other sport digitalisation approaches, such as VR, AR, online streaming and their application in traditional sport.

Conclusions, Implications and Recommendations

According to the above analysis an overall landscape of the IFs' current engagement with esports can be established.

The majority of the IFs have a basic understanding of what esports is and wish to build their own esports platforms, even though most IFs remain at an early stage with limited budgets and without the establishment of specific rules and regulations to govern their esports format, and lack experience and know-how to develop a sustainable and feasible way to implement it. There is a number of different ways to make it happen and, amongst the IFs which already have available products, two types of models were identified. The first was a licensing model, whereby an IF licenses a game publisher to develop a sport-centric game for it; meanwhile, the publisher could use the IF's brand to increase the exposure of the game in order to make it appealing to as many fans as possible as in the case of FIFA Football. The second was through collaborative partnership or joint ventures and one evident advantage of this model is lower risk, as the more an IF owns the game, the greater the risk it will bear. In the case of WS and its partner Virtual Regatta, the success is built on the close collaboration between both parties.

However, all the IFs must understand that for the publishers, with or without the IFs, they will continue their game production. The only way to build that relationship is by working together through partnership and collaboration.

In the current gaming market, there is a great number of sport-centric video games available. However, the overall quality of them is variable, and a major issue with these games is the lack of sophistication and the large gap between gaming experience and participating in sports/competition exercise in real life. With today's technology, it is already possible to have athletes around the world compete against each other simultaneously – "Zwift" in cycling is a good example of this, but still, it is tough work for the game publishers to combine elements of traditional sport participation with the equivalent video game.

The publishers not only need to visualise the competition of the traditional sport but also to take the game's manoeuvrability and visual effects into consideration. As a result, the development costs are substantial and it requires a games publisher and IF to determine whether there is an attractive market opportunity for it to make sense.

In spite of the challenges of creating an electronic version of traditional sports plus an equivalent esports platform, many IFs still choose to launch esports projects. The major reasons for IFs to make this decision are economic and rational, since the majority of them is expecting the subsequent transfer effects from esports to better serve their traditional sport: better engaging and enlarging the existing fan base with a focus on youth mass participation; increasing the exposure and the influence of the IF or the sport; generating revenue for the IF. On the contrary, peer pressure within the IFs does not play a major role in the decision-making process.

The counterpart reasons, in the meantime, further validate this finding. The difficulty of adapting some traditional sports into a sport-centric game discourages certain IFs from joining the trend of esports and this issue, in essence, is another economic reason as it depends on how much investment an IF will put into the platform to a large extent. Another important factor is the lack of persuasive statistics or other scientific evidence to substantiate the transfer effects from esports to the development and consumption of the traditional sport. At this point, it is still too early to judge whether or not the esports platforms are enlarging IFs' existing fan base, driving youth participation or promoting the development of sport in general.

To conclude, social reasons are eclipsed by economic reasons in discouraging IFs from investing in esports engagement. More importantly, through this correlation analysis, it validates our previous assumption that the economic and rational reasons play a much bigger role in decision adoption of esports at an organisational level than social reasons do.

Based on the previous data analysis and the information collected through several interviews, recommendations are listed as below:

- ▼ For every IF it is important to figure out what is the objective before initiating such a project, as it is crucial to define a clear strategy on what type of platform to build, which is the right partner to work with, the business model and what is the best approach to engage the existing fan base, etc.
- ▼ The high entry level cost, high level of expertise required and high degree of risk all indicate the need for most IFs to enter a collaborative partnership with a commercial entity with expertise which is prepared to share the investment costs and to share the risk.
- ▼ In the current gaming market it is difficult for sport-centric games to compete with other mainstream video games like MOBA and FPS games. Therefore, IFs should position their products in such a way as to align with their objectives, such as a promotional platform for the sport and an education tool for the fans.
- ▼ As a priority all IFs should take “ownership” or establish the ability to govern the virtual version of their sport by creating/constructing rules for the virtual version of their sports and embedding them within their existing rules and regulations. This should ensure the IF has the ability to act as a sanctioning or approval body for competitive simulations of the sport and to establish its right to organise global competitions in simulated versions of its sport, especially the “e” world championships.
- ▼ IFs should pay attention to ethical and governance aspects, including how athletes maintain physical and mental health, safeguarding, dual career and appropriate education before turning pro, anti-doping and anti-corruption, etc, in order to protect all parties’ interests and the integrity of the sport in all forms.
- ▼ Instead of developing a stand-alone video game IFs should explore building an eco-system around the game step-by-step and connecting their esports platforms with other media and digitalisation approaches within each IF, in order to keep the eco-system surrounding their sports dynamic and sustainable.

Overall, this paper aimed to establish the status of IF engagement with the esports business, to answer a major question regarding the main determinants for the IFs to adopt esports as part of their digitalisation strategies and finally to propose recommendations to support the IFs’ digitalisation strategies. The study’s main objectives were achieved but not without limitation. The sample size was relatively small and limited only to summer IFs without taking the winter IFs into consideration. Moreover, all the questionnaires were completed by individuals, thus whether the information provided represents the IF’s position is not entirely clear as the paper discusses the issues at the organisational level. Finally, due to the limitation of time, the level of sophistication of this study could be further improved in the future by examining the IFs on a case-by-case basis.

Nonetheless, this study represents the first in-depth research to establish the current situation of IFs’ engagement with the esports industry and the incentives behind an IF’s decision-making process on innovation adoption at an organisational level and it may be considered worthwhile to continue exploring this field of study.

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Appendices

8.1 Appendix I – Esports Questionnaire

1. From the point of view of your IF, are esports and e-gaming considered as the same?

Yes No

If **No**, could you please explain the difference briefly?

.....
.....
.....

2. Has your IF ever licensed or developed any video games for your sport (i.e. the electronic version of the sport)?

Yes No

If **Yes**, please specify the name(s):

.....
.....
.....

If **No**, is your IF aware of any independently produced video games featuring your sport available on the market (specify the game's name if applicable)?

.....
.....
.....

3. In your opinion, which IFs or sport organisations/bodies have been successful in esports engagement so far and why?

.....
.....
.....

4. Does your IF currently work on any esports projects or plan to launch any in the future?

Yes if so please go to question 5 and skip question 13

No if so please go to question 13 directly

5. Has your IF established the rights to organise/sanction esports competition within your sport?

Yes No

6. Has your IF established a specific set of rules and regulations for esports competition within your sport?

Yes No

7. Does your IF plan to simulate virtual competition within its esports platform?

Yes No

8. If Yes, will players be able to compete against athletes in “live” competition?

Yes No

Could you please provide more details on the project? (such as description of the product, targeted customers/ audiences, partners, etc)

.....
.....

9. Is your platform free to play?

Yes No

10. What is your IF’s annual budget for the esports project?

.....

11. If it is an ongoing/finished project, does the project deliver revenue for your IF?

Yes No

12. From the list below, please choose up to a maximum of FIVE reasons why your IF decided/ planned to involve esports in your IF’s development.

- To enlarge the fan base
- To better engage the existing fan base
- To increase the exposure and the influence of the sport
- To attract a younger generation to participate in the sport
- To generate revenue
- To create a new discipline in the current competition structure
- To follow the trend of esports/e-gaming
- To follow the trend of IFs getting into esports
- To become the pioneer among the IFs
- To show the inclusivity of the sport/IF
- Other

.....

13. From the list below, please choose up to a maximum of FIVE reasons why your IF decided NOT to engage in esports.

- Esports is not a real sport
- Esports does not comply with the Olympic Values (e.g. too much violence)
- Public's attitudes towards esports still vary significantly
- Our sport is not easily digitalised/adapted to an electronic game
- Esports does not contribute to developing our sport
- There is no strong case for a return on investment
- Our IF has a better digitalisation approach
- No transfer effects from esports participation to the sport
- No promotional effects for the sport nor the corporate identity
- Esports should not be included in the Olympic Movement
- Other

14. What are the potential difficulties/challenges for your IF to launch such an esports project?

.....

.....

.....

15. From the perspective of an IF, is esports an effective and efficient way of sports digitalisation?

Yes No

16. Apart from esports, what is your IF currently doing to digitalise the sport? (e.g. wearable technology, VR live broadcasting, Facebook Live, etc...)

.....

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Photos: Electronic Sports League (ESL)

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