

Financial Outlook of E-Sports

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Abstract

With the advancement of technology, high-speed internet, and broadcasting technologies, numerous revolutionary developments have emerged across various fields. Among these innovations in the realm of sports, one of the most striking developments is the e-sports industry, which has its own unique game rules and significant economic impact. The aim of this study is to examine the economic dimensions of e-sports games and organizations, as well as their potential contributions to the industry. This study employs the qualitative research method of document analysis to conduct an in-depth investigation into the economic aspects of the e-sports sector and its contributions. This new gaming phenomenon, which has rapidly attracted the attention of all age groups, has become a globally recognized trend. E-sports refers to computer-based video games played online that contribute to both the physical and cognitive development of players. With a continuously growing player and viewer base, e-sports organizations are experiencing rapid economic and cultural expansion. Findings indicate that e-sports has evolved into a globally expanding and economically thriving industry. The continuous growth and widespread adoption of e-sports have transformed the traditional sports landscape.

Keywords

Digital sports, economy, e-sports, industry, sport economy

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Introduction

Games encompass both structured and unstructured activities undertaken by individuals to spend their leisure time, have enjoyable experiences, and enhance their physical and cognitive abilities (Ruckenstein, 1991). Another definition describes games as activities performed by participants based on predefined rules (Salen Tekinbas & Zimmerman, 2004; Akgül & Öztürk, 2004). With advancements in technology, internet networks, and social platforms, the concepts of sports and gaming have undergone significant transformations. Sports and games are now increasingly played on digital platforms. These digital developments have laid the foundation for the emergence of a new concept in contemporary society: digital gaming. Digital games are games played in an electronic environment through technological devices (Whittington, 2009).

Initially, digital games did not attract widespread attention; however, they gained popularity due to global health crises and technological advancements. The growing global interest in digital games has paved the way for the emergence of e-sports, a modern gaming phenomenon (Yükçü & Kaplanoğlu, 2018). E-sports refers to a form of digital gaming technology that allows individuals to engage in leisure activities, socialize with friends, interact with people from different cultures, and participate in competitive challenges through online networks (Lee et al., 2014). With its increasing popularity, e-sports has gained significant global traction. Millions of people participate in this digital platform as both players and spectators, contributing to its rapid expansion (Argan et al., 2006). Recognizing this growing market as a lucrative opportunity, major corporations have begun organizing large-scale tournaments with substantial prize pools to promote their products and services (Scholz, 2019). These developments have transformed e-sports into a major sports industry and a viable professional career path (Railsback & Caporusso, 2018).

E-Sports and Game Types

E-sports refers to computer-based gaming technology played on digital platforms, either individually or in teams, with variations depending on players' gaming preferences. These games encourage competition and rivalry among individuals and groups. The e-sports industry encompasses all stakeholders, from players to spectators (Jenny, 2016).

In recent years, the increasing popularity of e-sports games has provided individuals with diverse experiences depending on the type of game played (Yazıcı, 2018). Research has identified the most popular e-sports game genres as follows:

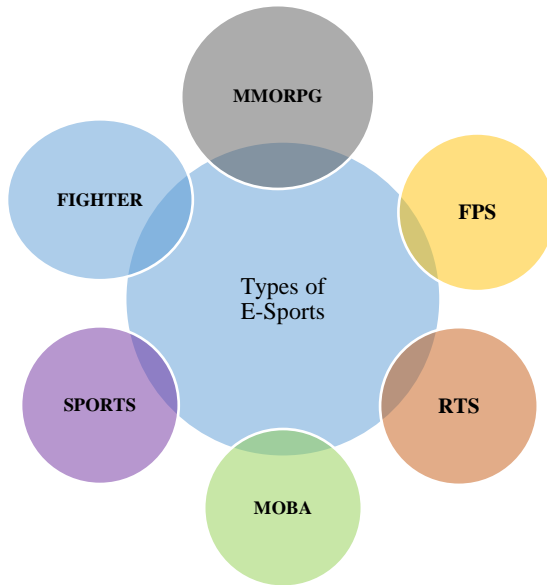


Fig 1. Types of e-sports (E-Sports Report, 2018)

- **Multiplayer Online Battle Arena (MOBA):** A team-based game genre in which players utilize technical, tactical, and strategic skills to gain an advantage over the opposing team. The primary objective is to destroy the enemy team's main base (Aslan, 2019).
- **First-Person Shooter (FPS):** A game genre where players control a character from a first-person perspective. FPS games contribute to players' physical and cognitive development by enhancing reaction time, coordination, and strategic thinking (Bellah, 2021).
- **Massively Multiplayer Online Role-Playing Game (MMORPG):** A multiplayer game where individuals collaborate as a team to complete various predetermined missions. This genre also provides opportunities for players to interact and communicate with other team members (Bellah, 2021).

- **Real-Time Strategy (RTS):** A strategy-based game played individually, requiring players to make real-time decisions based on evolving game situations. Effective management of pre-allocated resources is crucial for success. This genre enhances players' strategic thinking and problem-solving abilities (Magic, 2020).
- **Sports Simulation:** A digital adaptation of traditional sports, allowing players to engage in virtual representations of real-world sports such as football, basketball, and racing.
- **Fighting Games:** A genre where players compete against one another using pre-designed characters. The primary objective is to defeat opponents and achieve victory in one-on-one or team-based combat.

The History of E-Sports

The history of e-sports has evolved in parallel with the development of video games and technology. Initially shaped by arcade games and similar formats, e-sports have transformed into a highly competitive and professional gaming industry. With increasing interest and investment, e-sports have grown into a global industry.

The foundation of e-sports games began with the development and release of arcade games in 1977. The accessibility of these video games allowed individuals to play them at home, fostering a competitive gaming environment. However, during this period, there were no organized tournaments or structured competitions (Deen et al., 2006).

In the 1990s, advancements in internet networks enabled online gameplay, making multiplayer gaming more accessible. This development contributed to the emergence of competitive and skill-based gaming (Samur, 2018).

By the 2000s, e-sports had gained global recognition. Large-scale tournaments were organized, and e-sports began to gain momentum worldwide. Recognizing the growing popularity of competitive gaming, companies started sponsoring e-sports events to market their products and services. This shift laid the groundwork for the emergence of a new sports industry (Şenel et al., 2019).

Today, e-sports have become a major global industry. Millions of players and spectators actively participate in digital gaming events. As this industry continues to expand, e-sports have secured a significant position in the global sports and entertainment landscape (Ministry of Youth and Sports, 2018).

- **Broadcasting Rights:** Digital platforms stream e-sports competitions live, allowing audiences from diverse backgrounds to access and watch the matches in real time. These broadcasting rights generate significant economic revenue, contributing to the overall growth of the e-sports industry.

Revenue Sources of E-Sports Players

The revenue sources for e-sports players include earnings from organized tournaments, sponsorship agreements, advertising revenue, profits from digital platforms broadcasting their competitions, and large prize pools in tournaments (Kocaömer, 2018).

The Ecosystem and Stakeholders of the E-Sports Industry



Fig 2. E-sports ecosystem (Pişkin et al., 2019).

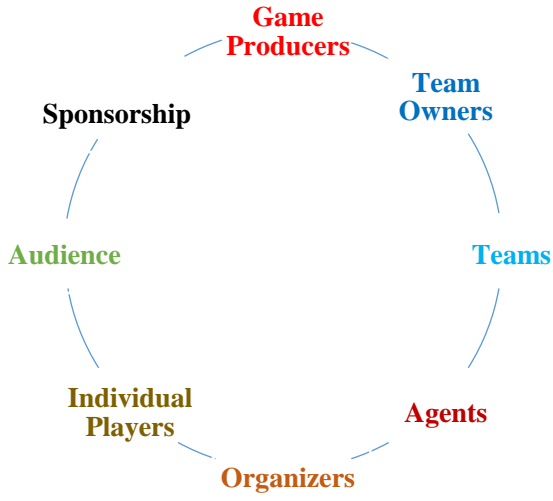


Fig 3. Stakeholders of the E-Sports Industry

Method

This study employed the document analysis method, which is one of the qualitative research approaches. Qualitative research offers the opportunity to deeply and holistically examine phenomena, individuals, institutions, and documents (Yıldırım & Şimşek, 2005). Document analysis is considered the process of gathering and examining various written materials, documents, productions, or remnants that have been created by other individuals or institutions concerning the research topic (Seyidoğlu, 2016). The data were obtained from reports of institutional companies with global validity and presented in tabular form.

Data Collection and Analysis

In this study, data were obtained from reports reflecting the worldwide economic contributions of e-sports published by corporate companies such as AsoWorld, Financesonline, Newzo, Statista and Hubspotusercontent-nal.net between 2020-2024. The study examined various factors, including the age groups participating in e-sports, growth rates, the age ranges of viewers

following tournaments, the growth rate of e-sports by region, popular e-sports games, e-sports revenue sources, and the economic contributions of live streaming platforms. The data obtained from corporate companies were presented in graphical form for analysis.

Findings

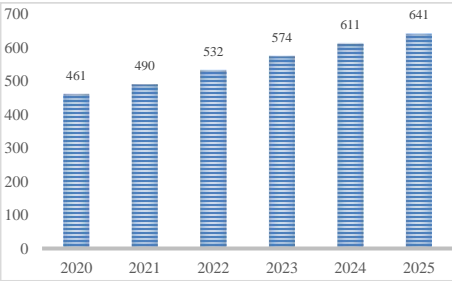


Fig 1. Global e-sports audience

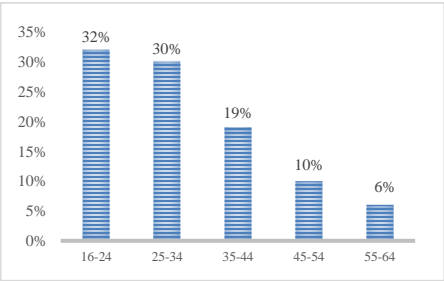


Fig 2. Age distribution of e-sports tournament viewers

The e-sports industry has experienced a continuous increase in its regular audience. In 2024, the global e-sports audience is estimated to have reached approximately 611 million. Considering the annual growth rate of this audience (Aso World, 2024), it is projected to reach 641 million by the end of 2025 (Figure 1).

The age group with the highest participation as viewers in e-sports tournaments falls within the 16-24 age range, while the 55-64 age group exhibits the lowest level of engagement (FinancesOnline, 2024). Several factors contribute to the strong interest of younger audiences in this digital gaming domain. These factors are shaped by individuals' physical, mental, and socio-cultural values. The competitive and challenging nature of e-sports games provides individuals with an opportunity to demonstrate their skills in this digital arena. Additionally, aspects such as high-reward tournaments, opportunities to interact with people from diverse cultures, emerging job models, and career prospects contribute to the increasing popularity and preference for these digital games among younger audiences (Figure 2).

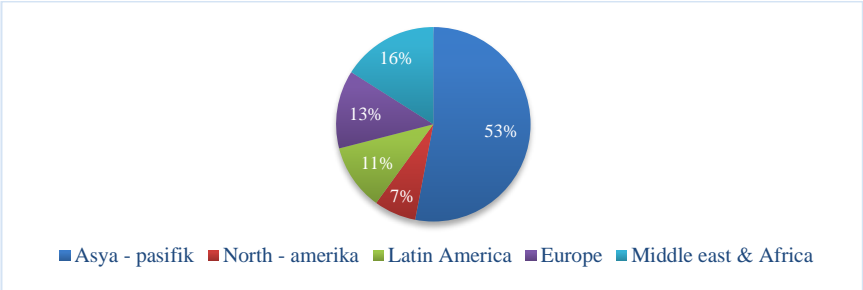


Fig 3. E-Sports players by region

E-sports games, which attract global attention across various demographics, continue to grow steadily. When examined on a regional basis, the Asia-Pacific region has the highest participation in e-sports, while North America exhibits the lowest engagement (Newzoo, 2024). In countries with large populations, such as South Korea, China, and Japan, computer-based video games have been played for a long time and are safeguarded by legal regulations. Additionally, in these countries, video games have evolved into a cultural phenomenon. In contrast, traditional games are more commonly preferred over digital games in North American countries.

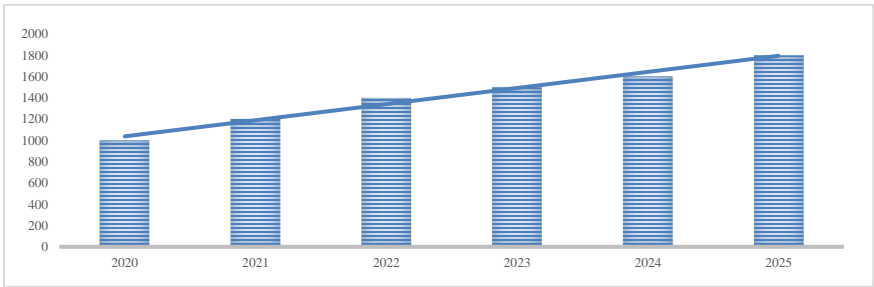


Fig 4. Global E-Sports Market Revenue (2020–2025)

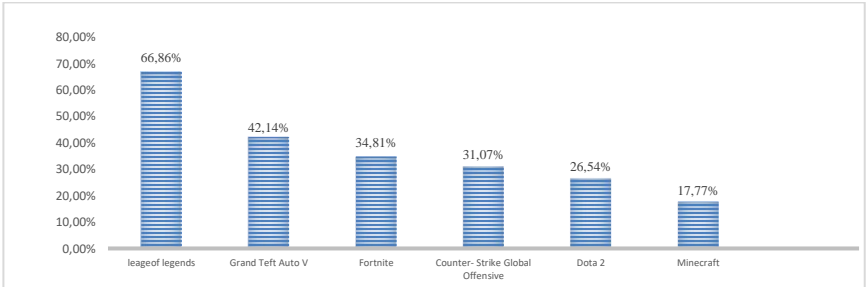


Fig 5. Most popular e-sports games

The development of internet networks and the impact of global health crises have led to an explosion in the e-sports industry, which is increasingly becoming a part of our daily lives. The estimated revenue for 2025 is expected to reach \$1.866.2 million (Statista, 2024). High-speed internet access, continuously evolving and changing gaming technologies, 5G technology, the broadcasting of e-sports games on social media platforms, sponsorship and advertising deals with global brands, major prize-money sports events, and the establishment of professional leagues are all driving the expansion of this industry and its market growth.

League of Legends is the most played game globally, while Minecraft is less preferred compared to other game types (Statista, 2024). Several factors contribute to the popularity of League of Legends. These include its accessibility without any cost, frequent releases of new versions and updates, its high level of competitiveness, the incorporation of multiple game strategies, and strong support from a wide audience. These elements play a significant role in the game's widespread popularity.

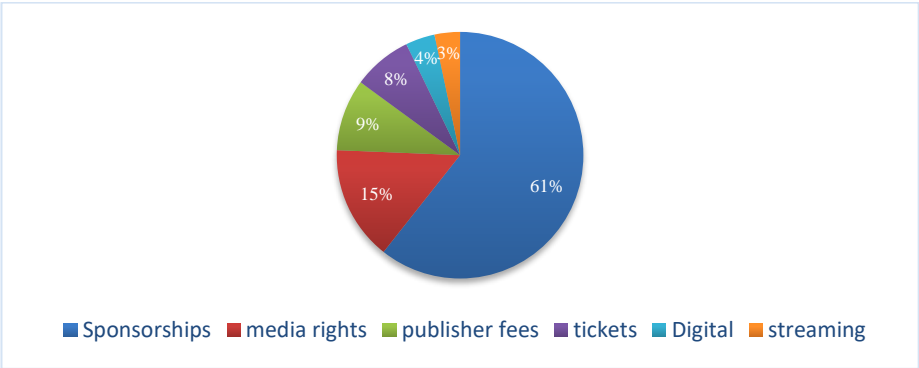


Fig 6. E-Sports revenue sources

When examining the revenue sources of e-sports games, sponsorship agreements have been identified as the largest contributor to market revenue (Statista, 2024). Various types of agreements are made to ensure that products and services reach their target audience. These revenues are expected to exceed \$1.07 billion by 2025.

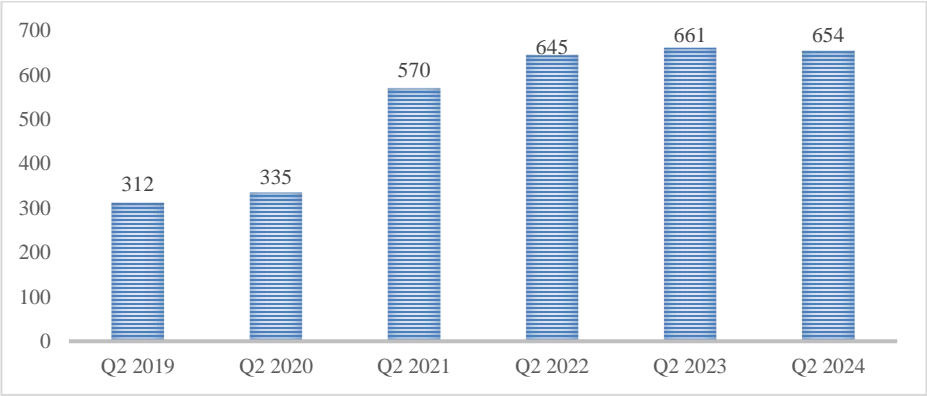


Fig 7. Live viewership rate of e-sports

There has been a continuous increase in the viewership rates of e-sports games over the years. However, in the second quarter of 2024, a 1% decline was observed due to various factors (Hubspot, 2024). This decline can be attributed to various reasons such as the lack of new and interesting games, the strengthening of individuals' connections with the outside world after the pandemic, and the increasing interest in traditional games. These situation have led to a decrease in interest in e-sports competitions watched on different platforms.

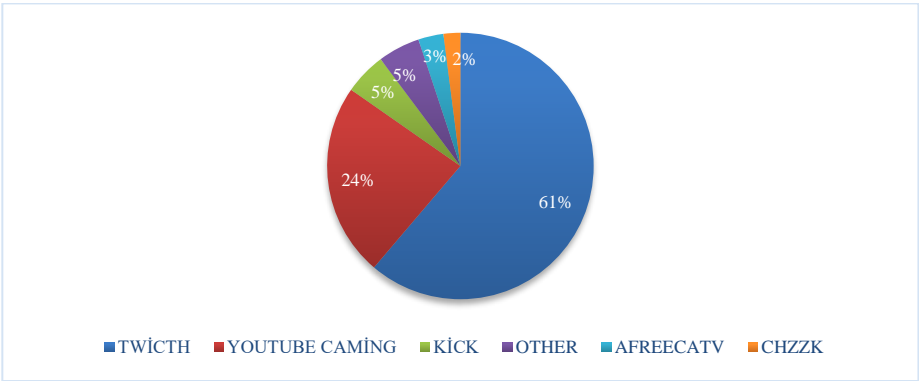


Fig 8. E-Sports live streaming platforms

Twitch is a digital platform that broadcasts music streams, creative content, and e-sports competitions. In 2024, Twitch has become the most popular digital platform for viewing e-sports games compared to other streaming platforms (Hubspot, 2024).

Result

With the development of computer networks and the increasing time individuals spend online, e-sports games have emerged as a new form of gaming, rapidly gaining popularity, especially among younger age groups. E-sports consists of computer-based video games in which individuals compete both individually and in teams in a virtual environment. E-sports has become a rapidly growing and increasingly prominent industry, one that now competes with traditional sports, thanks to global developments and both positive and negative changes in the world. Today, e-sports activities are recognized as a sport by many companies, institutions, and countries, fostering greater investments in this field. These games, which particularly attract the interest of younger audiences, open up new career opportunities for participants, both economically and professionally, while also enabling the emergence of new business models. With continuous development, e-sports games are experiencing constant growth through investments in advertising, sponsorships, ticket sales, broadcasting rights, and high-reward tournaments.

Author contributions

All authors contributed equally to the manuscript's conceptualization, editing, and finalization and are worthy of their inclusion as authors. The aspects of the study handled by each author are given below: T.M.: conception, design, supervision, fundings, analysis, literature review, writing; M.A.: conception, design, fundings, data collection, analysis, literature review and writing. All authors participated in drafting the manuscript and endorsed the final version.

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Ethnical statement

This article does not contain any studies with human participants performed by any of the authors.

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