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# THE ECONOMIC IMPACT OF ESPORTS ON LOCAL ECONOMIES: A CASE STUDY ANALYSIS OF MAJOR EVENTS

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## ABSTRACT

Esports has grown into a global wonder, with millions of fans and players contributing and witnessing across the world. Esports dashes its roots to the 1970s and 1980s, with the escalation of arcade gaming and initial competitive gaming events. But with the decades with all the advances in internet connectivity, technology, and gaming culture contribution towards the growth and professionalization of esports is being seen.

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## 1. INTRODUCTION

Esports has grown into a global wonder, with millions of fans and players contributing and witnessing across the world. Esports dashes its roots to the 1970s and 1980s, with the escalation of arcade gaming and initial competitive gaming events. But with the decades with all the advances in internet connectivity, technology, and gaming culture contribution towards the growth and professionalization of esports is being seen.

Esports comprehends a inclusive range of video games among different categories which includes multiplayer online battle arena (MOBA), first-person shooter (FPS), real-time strategy (RTS), fighting games, sports simulations, and more. Popular esports titles include League of Legends, Counter-Strike: Global Offensive, Dota 2, Fortnite, and overwatch, among others. Esports competitions array from minor limited tournaments to large-scale global events, featuring proficient players and professional teams competing for prestige, prize money and recognition. Planners may host consistent leagues, recurrent championships, or one-off tournaments, frequently broadcasted live to comprehensive audiences via streaming platforms like Twitch, YouTube, and vital dedicated esports channels. Likewise, esports has a comprehensive audience, embracing fans, spectators, and followers who follow their dedicated teams, players, and games through social media, online streams and live events. Esports in the long run has practiced exponential development in recent years, with cumulative investments from sponsors, gaming companies, media outlets and advertisers. The industry involves various sectors like software development, gaming hardware, broadcasting, event management, merchandising, and more. It has also given rise to coaches, professional players, broadcasters, analysts, content creators, and other career opportunities (25 plus) within the industry. Professional athletes train meticulously and strive in high-stakes events, and earn sponsorships, salaries, and endorsements to traditional athletes in sports. Esports events fill arenas and stadiums, attract millions of viewers online, and garner mainstream media coverage, reflecting the growing significance of gaming and digital entertainment in contemporary society.

Overall being a sunrise sector the industry signifies a self-motivated and hastily developing industry at the juncture of gaming joint with sports and entertainment. With its inclusive reach, diverse player base and flourishing ecosystem, esports endure to shape the upcoming of inexpensive gaming and redefine the limitations of sports and entertainment in the digital age.

## 2. LITERATURE REVIEW:

**(Jonasson, 2010)** in the early 2010`s the paper widely focuses on the future of electronic sports and its impact among the population. From the paper it was concluded that esports will give a new phase to virtual gaming and will heavily impact the market in terms of commercialization and globalization. **(Singla, 2014)** has attempted to the explore the potential of cloud set up in the gaming industry by discussing its influence on game development, distribution, and user involvement. From the research, the paper doesn't emphasise exclusively on India but it bids insights into the wider implications of cloud technologies for e-sports. **(Chikish, 2019)** has discussed three major issues associated with esports i.e. the economic aspect, the structure, relationship with traditional approach and the financial structure**. (Dey, 2021)** in his paper has explained the future growth prospects of gaming industry in India. It is evidenced by the projected figures for the industry, this sector, going forward will constitute a major chunk of the entertainment industry in general, something which has not been seen in the past. Increased attraction towards gaming companies by investors and consumers alike. He has highlighted companies like Nazara Ltd in this research, where the company has even come up with its own IPO belonging to Gaming Industry. **(Patil and Bachani, 2022)** have highlighted how the industry will boom in next five years and the impact COVID19 had will be investigated, along with parallels drawn to the video gaming industry. From their research they had determined that The Indian Media & Entertainment sector has been growing rapidly and the gaming segment has been particularly the fastest moving one. Due to this, India is in the world's top 5 mobile gaming markets. Due to COVID-19, the mobile gaming segment flourished. According to reports, the market (worldwide) is estimated to reach the size of about $420.386 billion. As mentioned, this has largely been possible due to increased access to infrastructure development in terms of internet.

**Research Objectives:**

- To study the e-sports industry along with its growth and potential while drafting a career.
- To analyze the annual income if chosen this industry as a full-time option or a part time option..
- To understand the mindset of the youth towards this industry when turning their hobby into a full-time career option.
- To suggest measures to improve the awareness about the industry among the stakeholders and others.

**Research Hypothesis:**

**H=** All victims of the gaming industry in a region positively influences local economic growth through increased tourism, job creation, and business opportunities.
**H0**= The accessibility of gaming industry events significantly increases the number of visitors to a region, leading to higher revenue for local businesses.
**H1**= The rise of gaming industry events encourage community engagement and cultural exchange among attendees.
**H2**= host gaming industry events experience a long-term increase in tourism.
**H3**=Recent days ,introduction of the gaming industry in a region accelerates technological adoption and digital innovation among local businesses and institutions.

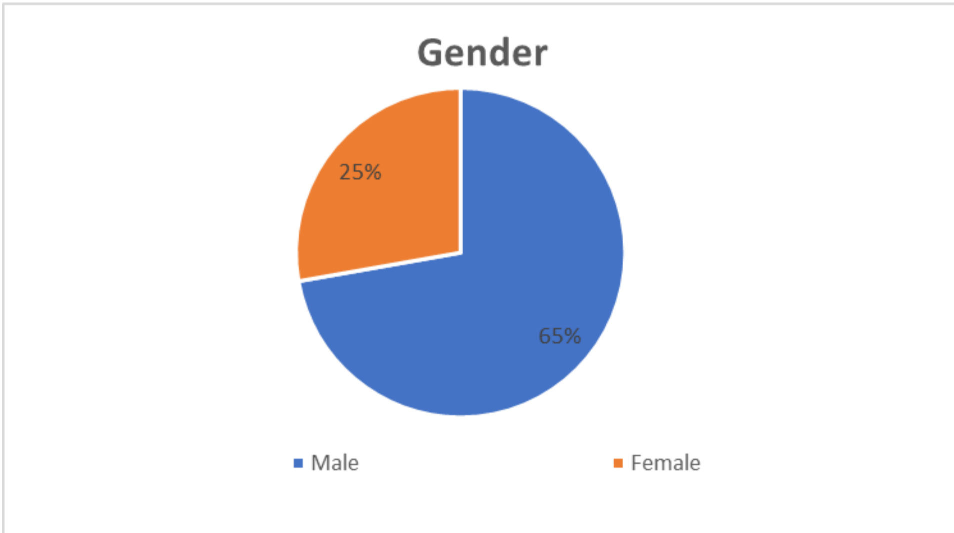
**Research Methodology:**

<u>Coverage:</u>

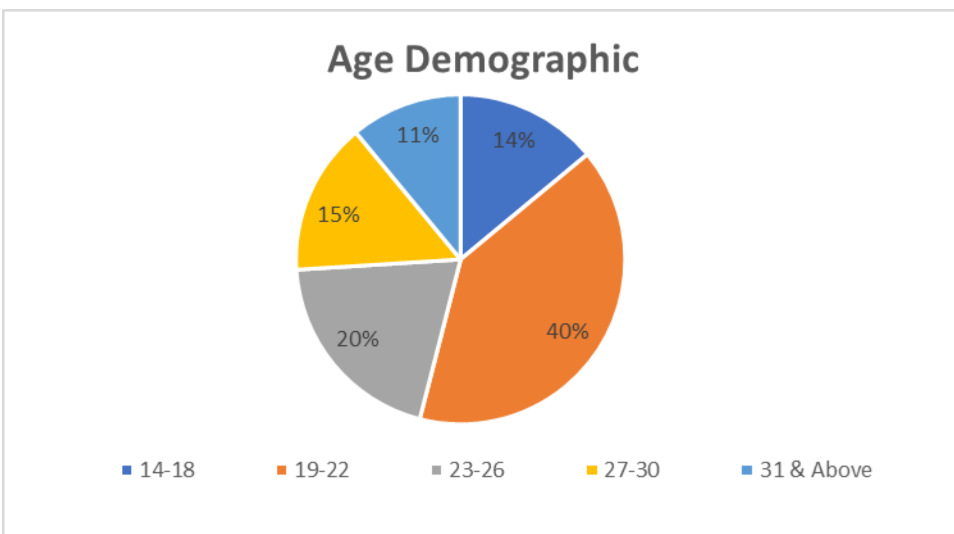
The study area is India which is surrounded by the Bay of Bengal (east), the Arabian Sea (west), the Indian Ocean (south). Geographically located between 8°4' N to 37°6' N latitude and 68°7' E to 97°25' E longitude.

Data collection and analysis:
This research is based on both secondary and primary data. Secondary data, gathered from published articles, research papers, books, journals, newspapers, and official websites which helped to compile a literature review. The primary data was collected offline during the events, more 50 streamers were visited at the two major events that took place in Mumbai. A closed-ended questionnaire, created using Google Forms, was employed for data collection. The collected data was then stored, processed, and analyzed using MS-Excel and IBM SPSS.

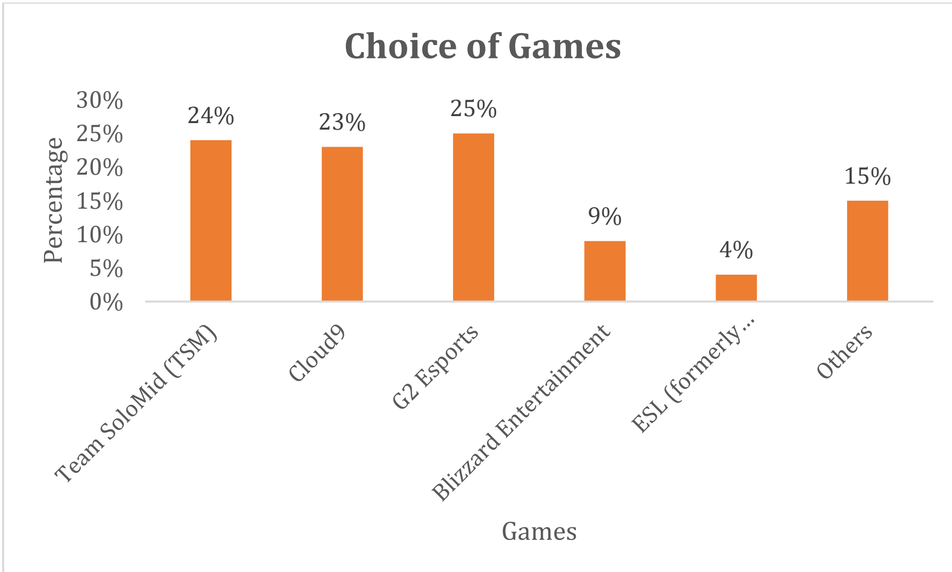
## 3. RESULTS, ANALYSIS AND DISCUSSION:



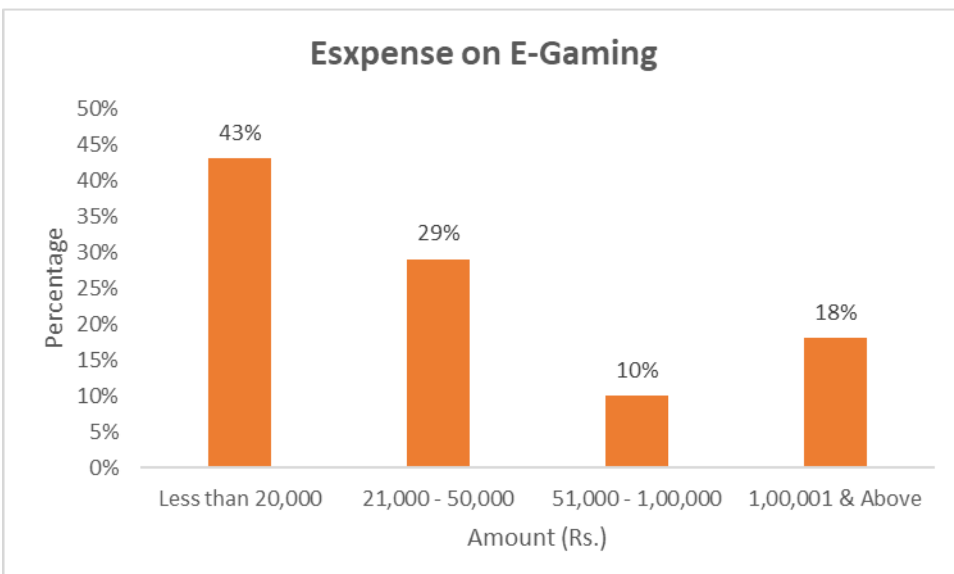

This pie chart elaborates the gender distribution within a sample of 21 responses. It shows that males represent are the majority accounting for 65% of the responses while females represent 25%. The remaining 10% is not accounted for in the provided data. This graph shows disparity in gender representation within the dataset with males significantly outnumbering females.



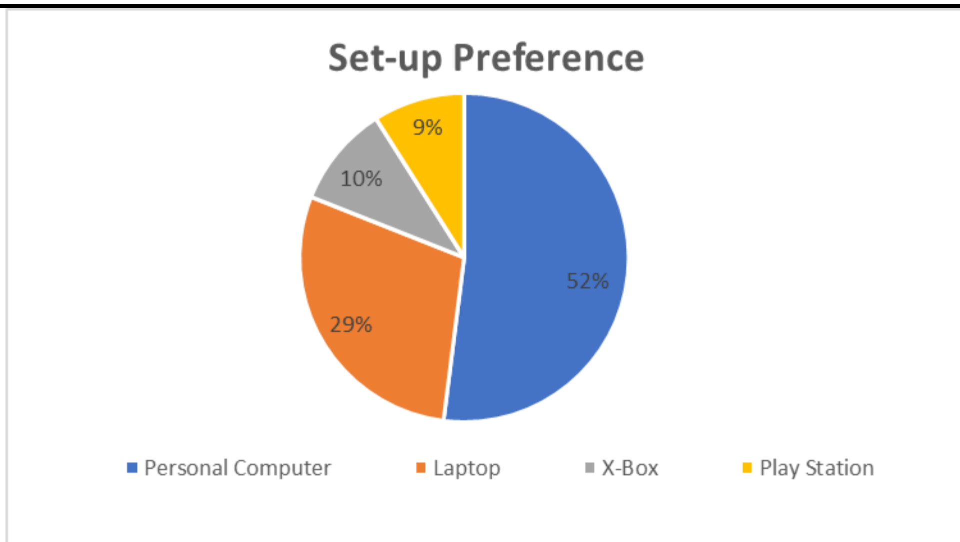
This pie chart explained the age demographic distribution divided into five categories. The largest segments representing 40% of the population falls within the 23-26 age range. Following this, 20% are aged 31 and above. The 14-18 age group represents 15% while the 27-30 age group represents 14%. The smallest segment at 11% is the 19-22 age group. Overall the data indicates a higher concentration of individuals in the mid-20 with a gradual decrease in representation in both younger and older age groups.



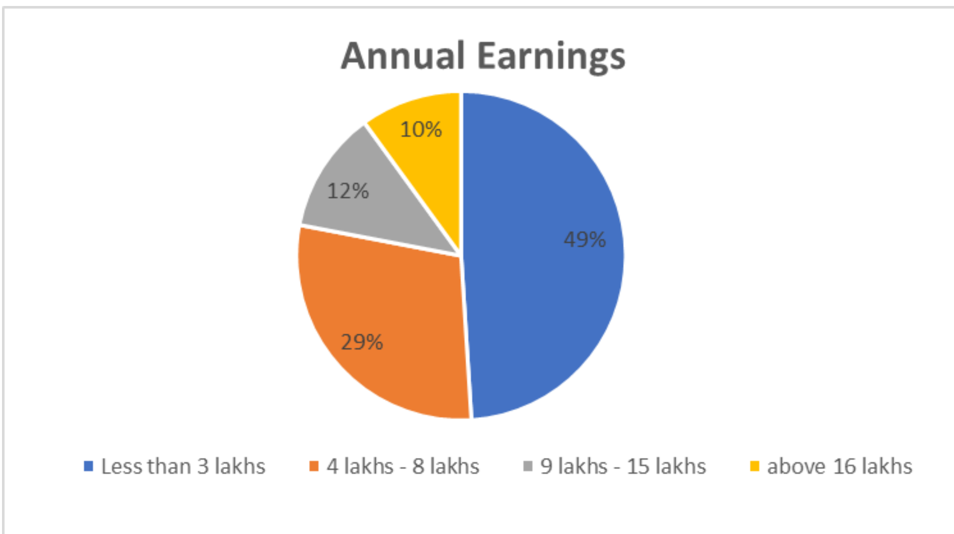

This bar graph elaborates the "Choice of Games" with the percentages which is allocated to different gaming entities. G2 Esports leads with 25%, closely followed by Team Solo Mid (TSM) at 24% and Cloud9 at 23%. "Others" accounts for 15%, while Blizzard Entertainment has 9%. ESL (formerly Electronic Sports League) represents 4%. These percentages are indicates the relative popularity or preference for these gaming platforms or organizations among the surveyed group.



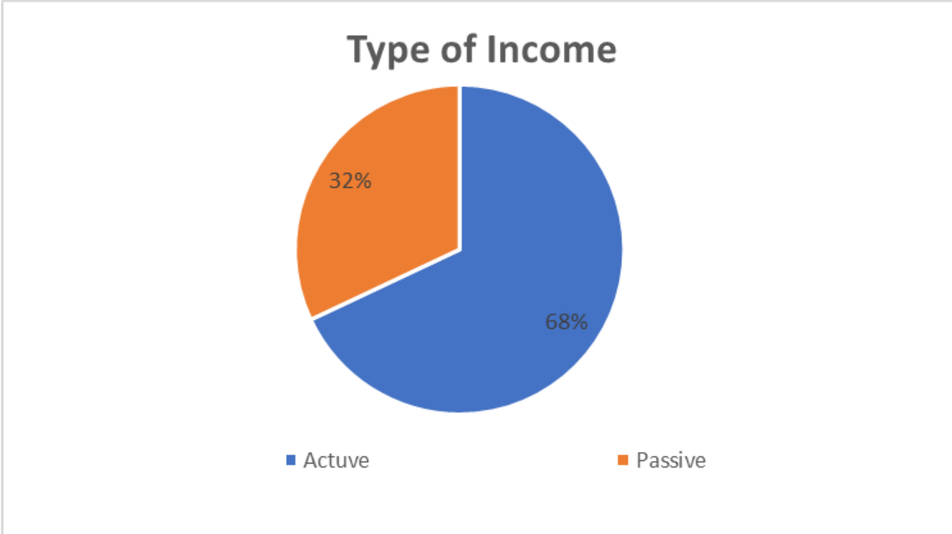

This bar graph explained the expense of E-Gaming across different spending brackets. A significant 43% of individuals spend less than ₹20,000 on E-Gaming while 29% spend between ₹21,000 and ₹50,000. A smaller proportion 10%, spends between ₹51,000 and ₹100,000. Notably, 18% of individuals have expenses of ₹100,001 and above on E-Gaming.



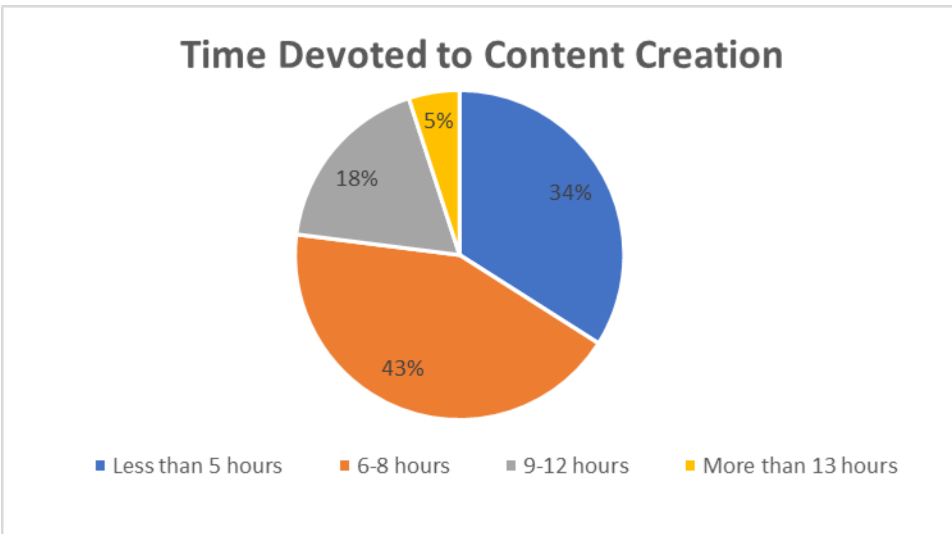

This pie chart elaborates set-up preferences with Personal Computer being the most favoured at 52%. Laptop is the second most preferred option accounting for 29% of the preferences. X-Box and Play Station have smaller shares with 10% and 9% respectively. This data suggests that personal computers are the dominant choice for set-up preference followed by laptops while gaming consoles have a smaller but still notable presence.



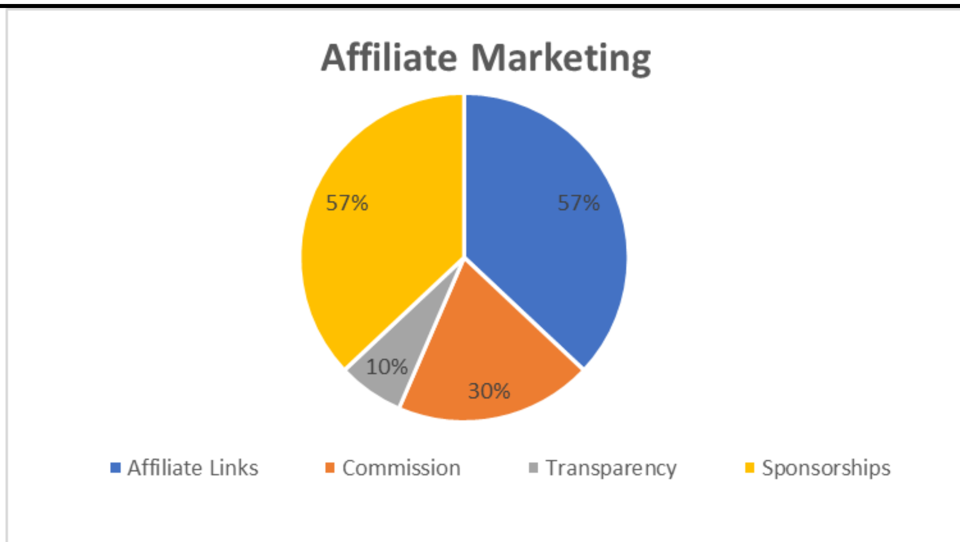

This pie chart shows the distribution of annual earnings. A significant portion 49%, of the population earns between ₹9 lakhs and ₹15 lakhs annually. Approximately 29% earn between ₹4 lakhs and ₹8 lakhs while 12% earn less than ₹3 lakhs. The smallest segment, 10% represents those with annual earnings above ₹16 lakhs.



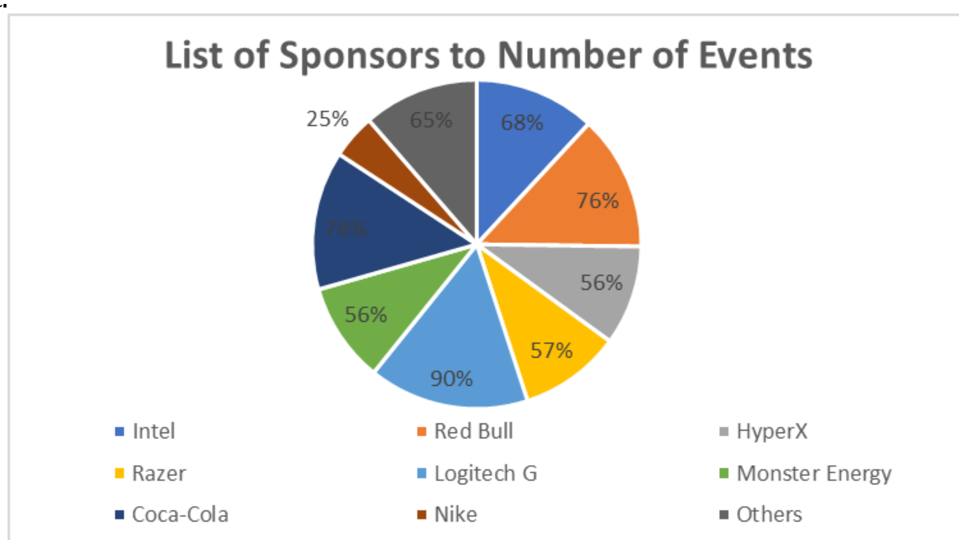

This pic chart shows the distribution of income types which is categorized as active and passive. A significant portion 68% represents active income while the remaining 32% is attributed to passive income. This data indicates that over two-thirds of the income is derived from active sources with passive income contributing to less than one-third of the total income.



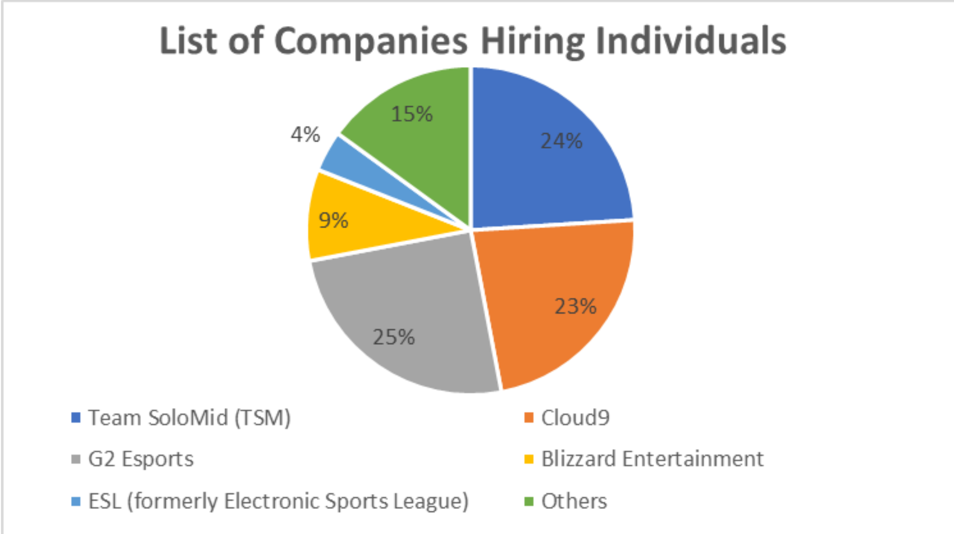

This pie chart shows the distribution of time devoted to content creation. A significant portion 43% of individuals spend 6-8 hours on content creation making it the largest segment. Following this 34% dedicate 9-12 hours while 18% spend less than 5 hours. The smallest group at 5% spends more than 13 hours on content creation. Overall, the data suggests that most people involved in content creation spend a moderate amount of time on it, with a smaller percentage at the extremes of time commitment.




This pie chart shows the distribution of elements within affiliate marketing. "Affiliate Links" and "Sponsorships" each constitute the largest portion both accounting for 57%. "Commission" represents a notable 30% while "Transparency" makes up the smallest segment at 10%. This data highlights the significance of direct links and sponsorships in affiliate marketing strategies with commissions playing a substantial role and transparency being a smaller, though still relevant, component.




This pie chart shows the distribution of sponsors across a number of events. Red Bull is the most prominent sponsor accounting for 90% of the events. Intel follows with 76% and Nike with 68%. Several sponsors including Razer,Coca-Cola, HyperX, and Monster Energy, each sponsor 56% of the events. Logitech G sponsors 57% while "Others" collectively sponsor 25% of the events. This data indicates a significant role by Red Bull, followed by Intel and Nike with a more fragmented distribution among the remaining sponsors.




This pie chart shows the distribution of companies hiring individuals with each segment representing a company's share of hires. Team Solo Mid (TSM) accounts for 15% of hires while G2 Esports represents a smaller portion at 4%. ESL (formerly Electronic Sports League) has a significant role to share of 24%. Cloud9 is slightly less at 23% and Blizzard Entertainment accounts for 9%. The remaining 25% are categorized as "Others," indicating a collection of various companies with smaller individual hiring percentages. Overall ESL has the largest share of hires, followed closely by "Others" and Cloud9, while G2 Esports has the smallest share among the listed companies.

## 4. RECOMMENDATION:

- Identify the target audience (e.g., casual gamers, eSports professionals, developers) to analysis the potential economic and social impact along the Study of gaming industry trends and successful case studies.
- Start working with game developers, event organizers, and sponsors for support and secure funding and investment for gaming infrastructure and also make partnership with local authorities to create gaming-friendly policies.
- Improve internet connectivity and tech support for gaming businesses and built gaming hubs, eSports arenas, or digital innovation centers.
- Start collaboration with tourism boards to make gaming events a regional attraction and also ensure a mix of entertainment, networking, and education at events.
- Analysis the economic impact of gaming events with adaptation and expandetion based on success and challenges.

## 5. CONCLUSION:

Gaming industry has emerged as a powerful impact of economic growth, tourism, and technological innovation. As highlighted in the hypotheses, gaming events play an important role in creating job opportunities and growth of local businesses. The accessibility of such events enhances revenue generation while the cultural and social engagement fostered by gaming communities strengthens social connections. Overall the introduction of the gaming industry accelerates digital transformation to encouraging businesses to adopt new technologies and innovations. In the long term hosting gaming industry events can lead to sustained tourism growth to making the sector a valuable asset for regional development.

## CONFLICTS OF INTEREST

None.

## ACKNOWLEDGMENTS

None.

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