The Growth of Esports: Opportunities and Challenges for the Hospitality Industry

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Abstract

This article delves into the dynamic interplay between esports and the tourist sector, illuminating the benefits and drawbacks of this growing partnership. When the COVID-19 epidemic hit, disrupting conventional sports, esports emerged as a bright spot in the entertainment industry. Businesses and governments have seen esports' potential to boost the economy and attract new tourists. In the same way that the Australian Open and the FIFA World Cup generate massive amounts of money and people, so do large-scale esports competitions. Building purpose-built stadiums and arenas for esports events is a great way to attract local fans and worldwide championships to an area. The rising convergence of the esports and tourism sectors is seen in partnerships between media giants like Walt Disney and theme parks proposing esports events.

However, along with these possibilities come a plethora of dangers and obstacles. There may be a decline in attendance at esports events because of the fast expansion of the industry. The considerable expense of creating and maintaining esports infrastructure offers financial issues, with the risk of underutilisation. Event preparation and visitor income are vulnerable to geopolitical unpredictability, travel limitations, and the unexpected. Additionally, esports confront competition from conventional sports for audience interest and tourist money, either overshadowing or outright competing with them. Regulatory restrictions, such as broadcasting rights and immigration difficulties further complicate the situation.

In conclusion, the post-pandemic age is an ideal time to capitalise on the dynamic interaction between esports and the tourist business. Long-term growth and mutually beneficial results for both businesses need cautious navigation of market saturation, infrastructure costs, geopolitical uncertainty, rivalry with conventional sports, and regulatory impediments. To capitalise on esports opportunities while minimising dangers, an all-encompassing and well-balanced approach is necessary.

Introduction

One of the reasons it plays such a crucial part in the global economy is the tourist industry's ability to bounce back from setbacks. Tourist demand for novel tourist experiences has evolved due to demographic, social, biological, cultural, and technological causes. Therefore, many alternative tourist activities catering to niche markets, including adventure, events, sports, and culture, have been made available (Douglas *et al.* 2001).

Recently, online gaming has emerged as a major draw for tourists interested in the digital young culture. Professional competitions in competitive computer gaming, sometimes called eSports, have attracted millions of viewers and participants worldwide (Dilek, 2019). According to a forecast by Newzoo, the eSports market was worth USD 950 million (Newzoo, 2020) in 2019, with an expected 443 million worldwide viewers. The sector is expected to grow to $1.79 billion by 2022, according to some estimates (Delello *et al.* 2021), with high hopes of participating in future Olympic Games.

New forms of sports, such as eSports, where digital games are played on any platform, online or offline, alone and in teams, are possible (Çavu, 2020). Many individuals profit from the pro gaming scene, tournament prize pools or corporate sponsorship (McTee, 2014). Furthermore, eSports is a multifaceted trademark that includes an ecosystem-based in not only simulated settings (computers or robots) but also real contexts (geographic hubs that stimulate tourism in the host place) (Toffler, 1970).

Now more than ever, eSports is a mainstream form of contemporary entertainment that encourages people to travel (Yeni̦sehirlioˇglu *et al.* 2018). In addition, the COVID-19 epidemic has resulted in a surge of viewers and participants, many of whom have been transformed from casual visitors into dedicated ones (Cranmer *et al.* 2021). Because of the inherent potential in promoting tourism inside places, these elements have sparked a trend in eSports tourism, with more and more in-person events taking place in recent years (Masłowski & Karasiewicz, 2021).

As a result, several tourist hotspots include eSports events in their itineraries, particularly in the off-season, to attract visitors interested in competing in or just watching eSports contests (Reitman *et al.* 2020). Tourists flock to these events throughout North America, Europe, China, and South Korea. Latin America is becoming a hotspot for eSports as interest in the business rises and the country's tourism infrastructure develops.

Literature review

The term "eSports" refers to a subset of the broader "sports" category that includes competitive video gaming as a means of honing cognitive or physical skills related to the usage of information and communication technology (Wagner *et al.* 2007).

However, only some eSports are the same, so each has categories. Games like League of Legends and Dota 2 are examples of MOBAs; first-person shooters like Counter-Strike and Call of Duty are examples of FPS; battle royale games like Fortnite and PUBG are examples of BR; CCGs like Hearthstone and MTG Arena are examples of CCGs; RTS games like Starcraft 2 and Age of Empires IV are examples of RTS games; fighting games like Guilty Gear Strive and Street Fighter V are examples of FPGs Video games may now be enjoyed on several devices, including mobile phones, tablets, personal computers, and dedicated gaming consoles. Competitions, made possible by these settings, have become popular over time (Kim *et al.* 2020). Improvements in network capacity facilitated the evolution of gaming into eSports.

This was accomplished by hooking up gaming systems in LANs for weekend-long parties with friends. However, after reaching a certain level of expertise, players felt the need to compete at a higher level within professional leagues, creating a remarkable and legitimised sports structure (Kim *et al.* 2020). Like conventional sports, esports competitions attract players, supporters, sponsors, and industry officials from various gaming businesses (Çavus, 2020).

Every year, eSports tournaments draw viewership that rivals the world's top athletic competitions. Since 2013, the League of Legends (LoL) finals have drawn more crowds than the NBA Finals and MLB World Series combined (Olsen, 2015). The first major video game-centric competition took place in the United States in 1980, with the First National Space Invaders Competition. Ten thousand individuals from throughout the United States attended the event organised by Atari (Sanchez & Florez, 2018). Because they were shown on TV yearly as part of a programme called Starcade with other video game tournaments and interviews, numerous arcade game tournaments were recognised as significant events throughout the decade (Hernandez *et al.* 2019).

In 1990, ten years after the first Nintendo World Championship, the first tournament with a cash prize of $10,000 was conducted. The next major development in the evolution of eSports occurred around the middle of the 2000s, with the emergence of the first eSports communities. Live broadcasting began in 2007 on a platform now known as Twitch is another significant development in the history of eSports competitions. This allowed for the web rather than television broadcast of professional players and events. The professionalisation of live broadcasting has also led to rapidly expanding job options, and the site is the dominant platform in these regions (Johnson & Woodcock, 2019).

Since then, esports competitions have expanded to become mainstream, with the 2018 League of Legends World Cup finals in Incheon (South Korea) drawing a record-breaking 205,348,063 spectators at its peak (Odintsov, 2018). From amateur gaming tournaments to the emergence of esports as a legitimate industry, esports research has blossomed (Block & Haack, 2021).

The eSports ecosystem has many moving parts, from the first spark of competition to the growth of supporting enterprises that promote event tourism. By planning several MICE activities during periods of low visitor influx, event tourism helps to round out the industry's seasonal ups and downs. Thus, events may disperse visitor demand among regions, boosting the profile of each as a tourist destination. Most of the world's top event-tourism destinations are in Europe, with the United States being the only exception; nonetheless, there are more events overall in Europe than in any other area, followed by Asia and North America. From 2013 to 2019, the number of Latin American events has increased, with Brazil, Argentina, Mexico, Colombia, and Chile at the forefront (International Congress and Convention Association, 2018).

It's worth noting that participants and spectators from practically every sport and corner of the globe prepare for the huge event, the World Cup or the Olympic Games every four years. These mega-events, which often occur in a single location, leave an indelible mark on the host city and nation's economics, politics, society, culture, etc. The International Olympic Committee (IOC) has established a virtual sports development section because it recognises eSports as offering several avenues for the growth of the Olympic Movement (Bascón Seda *et al.* 2022).

Despite eSports' origins in digital consumption, the genre is gradually transitioning to the real world by staging huge competitive events with worldwide effects. Not only do professional athletes and amateur fans visit these events, but so do coaches, activists, journalists, business people, and so on because of the partnership between the host city, the organising company, and the sponsors.

The second major concern to address is the function of eSports within sustainable tourism (Albani & Usolludin, 2021), given the growing popularity of such events. Therefore, important viewpoints in the sustainability model, such as economic and social Sustainability methods, must be investigated. Most likely, publications have covered the economic effect of eSports events via various events and revenues, guaranteeing the sector's stability and the company's expansion (Nyström *et al.* 2022). In 2019, for instance, the United States, China, and South Korea hosted the most eSports competitions (out of 5,432). In addition, since 2018, this industry has earned between USD 700 million and USD 900 million in total revenue (Esports Earnings, 2020).

Regarding long-term social viability, eSports tournaments benefit their fans (Esports Earnings, 2020). To begin, athletes in the professional ranks are compensated and recognised for their achievements. The fans, meanwhile, deliberately spend their own time and money on getting as near as possible to the action on the pitch, meeting their heroes, and bonding with others who share their enthusiasm. Those who see eSports say they enjoy themselves by indulging their sense of superiority and narcissism (Chung *et al.* 2022).

Therefore, the expenditures made by eSports visitors on travel, lodging, food, drink, etc., are directly affected by the holding of eSports tournaments. Tourism destinations may win over the competition by hosting eSports tournaments and reaping the corresponding financial and economic benefits. Several studies have emphasised the importance of a destination's tourist amenities and services in drawing in visitors. Visitors' impressions of a place and their propensity to return are strongly influenced by their impressions of the state of existing facilities and the quality of service (Iatu & Bulai, n.d.).

Venues for special events are just as important as those catering to tourists. To host an eSports tournament, a stadium and the necessary hardware (including computers, game consoles, connections, and massive displays) must be in place. Complementary features will affect guests' reactions whenever a high-quality setting is used (Nelson, 2009). To this end, travellers should prioritise a high standard of service, event facilities, entertainment, and activities [40]. More recent research has also shown that interpersonal encounters at gatherings are crucial for making friends and feeling like you belong there.

Although eSports tournaments have recently emerged as a popular tourist attraction, the corresponding body of knowledge is still in its infancy. Many studies have yet to investigate indicators or determinants connected to effective event venues. For the 2019 Iberian Cup in Barcelona, attendees rated "personal of the event" as the most significant factor, indicating high satisfaction levels and a desire to return. A service or brand's overall quality, perceived value, and corporate image significantly affected users' loyalty at eSports tournaments in Valencia (Vegara-Ferri *et al.* 2020). The North American, European, and Asian markets dominate the eSports event industry, while Latin America is the third fastest-growing area. Newszoo found that using cell phones to play different brands contributed to a 17% rise in profits, bringing Latin America and the Caribbean closer to stronger markets. The eSports industry has expanded so rapidly that in 2020, Mexico's capital city, Mexico City, opened the Mexico City eSports Arena (Latin American Post, 2020). The Latin American League of Legends (LOL) tournament, the 2021 edition held in the venue mentioned above (LoL Esports, 2020), is now the biggest eSports event in Latin America. The eSports industry in Latin America will boom in 2021, says Pablo Monti, eSports manager for Argentina's Latam Media Group (LMG).

Teams could prove themselves as legitimate businesses, and brands were expected to immerse themselves in the ecosystem of tournaments completely. There is substantially less need for proselytising now that eSports is more widely known because of the COVID-19 epidemic.

Methodology

This study uses secondary data analysis to delve into the ever-changing bond between esports and the tourist sector, focusing on the advantages and disadvantages that may be found there. The foundational method is based on a thorough literature assessment of relevant academic journals, academic databases like Google Scholar and JSTOR, government papers, industry studies, and news stories (Zangirolami-Raimundo *et al.* 2018). This method draws on the knowledge and experience of well-respected academics and organisations. After collecting raw data, researchers do careful curation to ensure their sources are legitimate and applicable to the study. Selected secondary material undergoes a thorough examination using qualitative techniques to extract recurrent concepts, topics, and trends. Content analysis and theme coding are the go-to methods to classify, appraise, and synthesise the results. The findings are synthesised logically and well-organised, offering a full picture of the potential and danger that esports pose to the tourist sector. This study aims to shed light on that influence because esports are becoming more important in the modern entertainment and travel industries. The study is grounded on original materials that are easily accessible thanks to consistent and accurate references and citations throughout.

Findings and discussion

Esports and the tourist business have a unique mix of advantages and disadvantages that have grown in importance in recent years. The growth of esports as a major force in popular culture will undoubtedly affect the travel sector. Given the current state of the economy and the obstacles faced by both sectors, this debate will delve deeply into these openings and dangers.

Opportunities

When the 2009 COVID-19 outbreak disrupted conventional sports, esports emerged as a bright spot in the economy. The growth and success of the esports business have helped several nations' economies recover. The United Kingdom's government recognises esports' potential to become a national strength (Besombes, 2019). Advertising, sponsorships, and item sales have all contributed significantly to the growth of the esports industry. This monetary injection has the potential to invigorate the tourist industry by luring new capital, spawning new businesses, and enhancing local economies. Electronic sports events can bring in many visitors to their host locations. The tourism and hospitality sectors benefit greatly from international and continental competitions as fans travel from all over the globe to see their favourite teams compete (Chan, 2022). The Australian Open and the FIFA World Cup are two such events that profoundly impact the economies of the countries that host them. After a global epidemic, esports competitions may help the tourist industry recover. Governments and businesses are investing in cutting-edge infrastructure to handle the burgeoning esports market. Such a development may be seen in the proliferation of esports stadiums and arenas like the eSports Stadium Arlington. These arenas not only draw in spectators from the surrounding area but also have the potential to host international championships. Employment is generated, local companies are bolstered, and the tourist ecosystem benefits from these projects. The synergy between the esports and tourism industries is

promising (Chen, 2022). Walt Disney and other media conglomerates are considering incorporating esports into their hotels. This convergence of industries can boost tourism by capitalising on the recognition and reach of well-known names in the sector. Theme parks and resorts that host esports tournaments and broadcast them online might reach a new audience by catering to their interest in competitive video gaming.

Challenges

The fast expansion of esports has resulted in a glut of competition. There will be more chances for tourists, but there will also be more chances for the market to become saturated. There is a risk that tournament fatigue will reduce visitor numbers if fewer events compete for their attention. The difficulty is in keeping esports competitions fresh and interesting for fans. Building new facilities is both an opportunity and a problem. It takes a lot of money to construct and keep up esports venues. Underutilised infrastructure, financial losses, and a strain on local governments and enterprises might result if the esports sector has economic downturns or swings. Esports events often include participants from various nations and locations (Chen, 2018). The security situation and foreign travel restrictions may affect the number of spectators at esports tournaments. Revenue from tourism may be negatively impacted by interruptions in event preparation caused by political unrest or other unanticipated circumstances. While esports expand quickly, they still compete with conventional sports for fans' attention and the money tourists spend (Chen, 2020). Traditional athletic events have traditionally been a major source of tourism, but with esports' rapid expansion, they may be overshadowed or even directly competed with. There may be cultural and governmental barriers to esports in various countries. These problems might put off potential visitors and make the esports market shaky. Broadcasting rights, player visas, and esports' acceptance as a legitimate sport are all examples of potential regulatory roadblocks (Chew, 2016).

There are significant chances for economic development and tourist marketing thanks to merging esports with the tourism business. Especially in the post-pandemic environment, esports have significantly contributed to the economy. Market saturation, expensive infrastructure, global uncertainty, conventional sports as competitors, and regulatory difficulties are all potential stumbling blocks (Cooke, 2017). To guarantee long-term development and mutually beneficial consequences for both businesses, it is essential to take a smart and balanced approach to tapping into the potential of esports in the tourist industry.

Conclusion

The dynamic environment of possibilities and challenges presented by the intersection of esports with the tourist sector is ever-evolving. This study sheds insight into the impact of esports on tourism and the rise of esports as a major force in modern entertainment. The esports industry thrived as the COVID-19 outbreak shook the conventional sports industry. Governments and organisations have recognised the economic benefits of esports, highlighting the potential it provides for revitalising the tourist sector. Esports tournaments on a global and continental scale, like the Australian Open and the FIFA World Cup, generate significant financial and human resources and stimulate local economies. Dedicated esports stadiums and arenas are examples of the industry's expanding infrastructure. These stadiums draw in spectators from the surrounding area and may also play home to important international competitions. Partnerships between media giants like Walt Disney and theme parks that contemplate hosting esports events indicate the growing

convergence of the esports and tourism sectors. There are, however, several obstacles and dangers that must be taken into account. There is a greater chance of market saturation and audience attention fatigue due to the quick growth of esports events. The high cost of new infrastructure and worries about its underutilisation create budgetary difficulties. Event planning and tourist earnings are vulnerable to geopolitical unpredictability and travel restrictions. As an added downside, the esports business faces competition from more conventional sports for viewers and tourist revenue, which might eventually cause the latter to lose out. Regulatory obstacles, such as broadcasting rights and immigration concerns, further complicate the situation. Finally, esports and tourism might lead to significant economic development with advertising possibilities in the post-pandemic age. Market saturation, expensive infrastructure, geopolitical unpredictability, competition from conventional sports, and governmental impediments are some obstacles that must be carefully navigated. If the global economy and the tourist industry are to continue growing, a comprehensive, well-rounded strategy that takes advantage of potential and counteracts risks is required.

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