

Beijing E-Sports Industry Development Based on SWOT Analysis

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Abstract: Successful experience of E-sports developed nation (such as Korea) proved that it is effective to push forward economic upswing through developing the E-sports. In order to accelerate the development of national economy and create domestic demand, the E-sports appeared as a new consumption hot spot. And a large number of industries could develop due to it. Hence, it is significant to deeply research it. In this paper, the SWOT analysis is used for analyzing Beijing E-sports development advantages, weakness, threat and opportunity. In the analytic process, some statistical data of Beijing is applied to make up the lack of qualitative analysis for avoiding subjective judgement. Finally, some suggestion is proposed for development of the Beijing E-sports.

Keywords: Beijing E-sports Industry; SWOT Analysis

1 Introduction

E-sports is a counter-movement of human intelligence between different people through high-tech software and hardware equipment as exerciser. It can train and increase not only ideation, response ability and eye-limb coordination but team spirit as well. Chinese Olympic Committee, China Sports Federation and CITIC Pacific Ltd. Hong Kong set up cooperation China Interactive Sports in support of the State Sports General Administration. The purpose of this action is to create a digital sports industry in China. At the present time, the E-Sports has formally been national 99th sports items. As the part of fastest developing speed in the video game industry, according to investigating of International Data Corporation (IDC) and General Administration of Press and Publication (CAPP), its market size has been 1,320,000,000 RMB in 2003; the market size has increased to 2,470,000,000 RMB and the income of some upstream and downstream industries (such as value-added telecom services, internet bar, publishing and media industry and so on) attained 2,700,000,000 RMB. The E-sports will promote digital entertainment industry development as a pioneer in Chinese digital entertainment industry. Combining the E-sports with physical training possess far-reaching significance. Physical training is fascinating for the reason that it reflect the communication between one and others and radiate a kind of spirit. Physical training is sports humanities. The E-Sports need look for these.

In Beijing, currently, Shijingshan District, where is traditional heavy industry district formerly, has been a national E-sports center. The 1st national Electronic Sports City has been built in Beijing and has been a centralized area of actual combat competition, new gaming experience, match planning, personnel training, informa-

tion distribution, national team training and derivative product development on June, 2010.

SWOT analysis is a frequently used powerful analysis tools for industry research and have widely application in strategic research and competitive analysis. In the analysis, S mean Strength, W is Weakness, O represent Opportunity, T express Threat; S and W belong to internal factor, O and T is external factor. In the paper, through SWOT analysis can we easily and intuitively analyze the development of Beijing E-sports industry and providing some statistics data make up for the lack of SWOT qualitative analysis and avoid subjective assumptions. Finally, some suggestions is proposed for Beijing E-sports industry development

2 SWOT Analysis of Beijing E-sports Industry Development

2.1 Strength (S)

2.1.1 Popularization and development of the network and high-speed industrial growth and subscriber growth in Beijing

In recent years, network coverage rate of Beijing even entire country have been effectively improved. Ming-zhao Cai, who is deputy director of the State Council Information Office (SCIO), said: Chinese internet users were 338,000,000; internet penetration rate attained 25.5%; as of the end of June 2010, Beijing residents were 16,950,000 and internet users of Beijing were 10,370,000- 61.2% of total population (proportion is the first of inland city of China)- at the second session of the Sino-British Internet Roundtable which convoked in Beijing on July 22, 2010. According to statistics of Internet Data Center (IDC), E-sports market has been

8,340,000,000 RMB in Chinese mainland in 2006, and average compound growth rate between 2003 and 2006 is 62%, as figure 1 shown that. In addition, The average spending amount of each E-sports users has been 374 RMB from 257 RMB in 2003. Its average compound growth rate attain 13%. These data prove that growth speed of E-sports industry is expeditious. Up to now, the E-sports user has been occupied at 29.5% of internet user. It provide a large of basis for development of E-sports.

2.1.2 Effectiveness of the emergence of e-sports star

As a competitive sport, one of the most effective communication channels is celebrity effect. Star players is the one of rare resource in the industry. Through their competition can attract media and event organizers so that absorb user group for achieving the star effect, building channel values and saling the value to sponsor after obtaining media exposure.

It is self-evident that star effect contribute to E-sports Industry. The E-sports continue to affect people, especially the young E-sports consumer groups.

2.2 Weakness (W)

2.2.1 The lack of original technology and single business model

As of August, 2004, the kinds of game whose operate domestic right has obtained by agents is 168. Among these games, games of Chinese mainland just only occupy 36%. And whereat gainful game, it is reduced to 28%. According to correlation survey, only one game which was created in Chinese mainland enter in the top five of most E-sports. And a big chunk of the game is not domestic original technology. As correlative statistics showed that, in E-sports Industry, earning rate of self-developed products is almost four times more than agents operating. However, a majority of Chinese E-sports companies belong to profit model of agents operating type. In the model, the E-sports company located in midstream and downstream of industrial chain and is enslaved to game developer as business model is imperfect. It is truly because of continuously increasing of agent signing bonuses can risk of agents significantly increase and profit decreased rapidly.

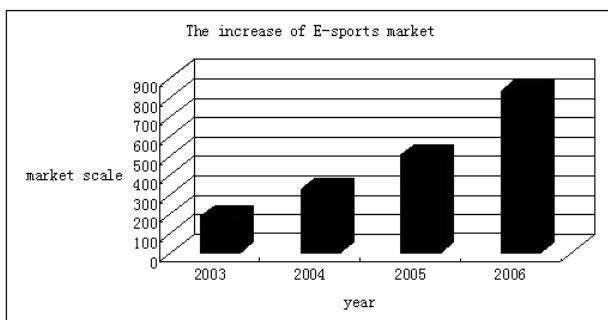


Figure 1. The increase of E-sports market between 2003 and 2006

2.2.2 The dilemma of industry funds

The E-Sports is a industry of ‘High risk, High cost’. Provided that a game companies hope success, the four success factors- game quality, online community management, network management technology, marketing channel- are indispensable. As well as the difficulty of the E-sports developing is more and more difficult. With regards to a single player game or PC game, a game companies are able to finish to research and develop a product during twelvemonth to a year and a half. Nevertheless, for the E-sports, not only its time of research and development perhaps extend to two or three years, but its requirement toward funding and labor power is much larger as well. Hence, it is more significant that research and development team can gain long-term support and trust from investor or not. Just because of this, many E-sport projects are defeated due to capital scarcity and lack of budget supplement from the government.

2.2.3 The lack of exploitation of E-sports peripherals

E-sports peripherals is character models, trinket, toy, foodstuff and so on, which associated with the game and take game as carrier; at the same time, it also involve some cultural artifact such as music, video, book .etc. They constitute a huge industrial chain around the game. According to the experience of other countries, the market value of the industry is usually eight or nine times as much as the gaming market. For our present purposes, to our country, it is disproportionate that the development of game peripherals compare with the rapid development of E-sport. For that reason, the E-sports peripherals industry make little progress from beginning to end and still located in initial stage of development.

2.2.4 The Lack of communication channel development

In Beijing, The communication channel of the E-sports is narrow. At the present stage, through telecast, consumer is demanded to pay a fee of television relaying. Therefore, the measure of telecast is less. In network media aspects, only PPLIVE and PPSTREAM network TV transmit E-sports program. In web communication aspects, it only exist several web such as www.plu.com and www.imba.com.cn and so on. However, plane media transmission are almost none. At present, E-sports are still in the state of small diffusion. Especially, the strong media disregard it so that it can not integrate with mainstream media and mainstream culture. Thereby, whether the degree of social concern and recognition or cultural needs level of the community, it is disadvantaged yet.

2.3 Opportunity (O)

2.3.1 Favorable development environment

E-Sports belong to a sports competition. And speed of Chinese sports industry is considerably rapid in just a few decades. From athletes point of view of the success-

ful holding Beijing Olympic Games and outstanding achievements, at the present time, Chinese economic conditions provide a eximious surroundings for the development of Chinese sports industry. The eximious surrounding provide a favorable surroundings for development of E-sports in China.

2.3.2 Government support

The E-Sports is formally brought into formal management system by Chinese government. For example, the General Administration of Press and Publication (CAPP) is in charge of publication of E-sports software (releasing E-sports plate number); Ministry of Culture and Ministry of Information Industry are responsible for set up business of E-sports. In addition, Department of Science and Technology declare that the E-sports is figured into National High Technology Research and Development Program (HTRDP) in July, 2003. E-sports is listed at official sports project State Sport General Administration in November, 2003. Ministry of Culture and Ministry of Information Industry jointly issued "A Number of Opinions about Development and Management of E-sports". Hence, the development of e-sports is protected by this series of policy measures.

2.3.3 Exemplary role of building animation city in Beijing

Chinese animation game city was built in the former site of heavy machinery division of Shougang Machinery Co., Ltd. on October 14, 2009. It is the largest-scale action from Issued "Cultural Industry Promotion Plan" by the Ministry of Culture in July, 2009. Beijing government plan that the Chinese animation game city will be built as Chinese "Hollywood of Animation" and "Disney of Animation". It has been figured into the major national cultural industries projects of National Development and Reform Committee. The Beijing government will finance 50,000,000,000 RMB for developing Chinese animation game city through financial direct investment, social Finance and so on, in order to setting up a national team of Chinese animation industry by model of "base adding enterprise cluster". Undoubtedly, putting it this way will possess "demonstration effect"

2.4 Threat (T)

2.4.1 Network environment needs to be improved

The stability of server and network security have a decisive impact for development of a E-sports manufacture. But the playability of E-sports is reduced by illegal procedure for example private servers, hack tools and so on. In addition, as virtual property exist in the E-sports and will probably be stolen, it is a new challenges for the laws. On condition that the E-sports operators are unable to ensure the privacy of consumer protection's personal data so that interests of customers or the private game results is stolen, it not only will face to be lodged a com-

plaint, but also reduce professionalism of themselves.

2.4.2 Restriction of traditional social values

Douglass C. North, who receive Nobel Prize in Economics in 1990, propose a concept-path dependence (Owing to the influence of history or habits factor in process of State Reform, hence, if people do not know where they come from in the past, what is practical constraints, influence of traditional habit and history culture which they face, they even the country can not understand developing direction of future). The E-sports as a new industry, it will be effected by traditional values and cultural practices. the great mass of social public still have deep prejudice for the reason that they do not correctly distinguish network game with E-sports, at the same time, they do not understand and accept the E-sports either. The development of the E-sport athlete usually begin with playing electronic game and spend much money and time. It is a extravagant waste for many young people and family life in China. Therefore, a lot of ordinary people consider that these E-sport athletes should attend to their proper duties or business instead of playing games. It is precisely because of the misconceptions of ruck for the E-sports, the development of Chinese E-sports industry is more difficult. Apart from that, it is truly because of biased report of some mainstream media do the E-sports not get across by the majority of people. Thereby, the E-sports is hard to growth.

On the other hand, due to some young people indulge in cacoethic game such as violent games bring the E-sports much negative effect. The E-sports as a entertainment leisure have an effect on Life and values of young person. Hence, the healthy and rapid development of E-sports industry is caused many obstacles because the E-sports is look as network opium and it exist many their own shortcomings.

2.4.3 The lack of Electronic Sports Players

Professional Training Network

For many domestic electronic sports players, they do not have any Specialized training venues and instructor as athletes of other sports items. Through making a general survey of growth course of Famous players, a regular pattern can be summarized, which is that if a player want to entered into a E-sports club for training with other athletes of the club, first of all, he or she have to achieved better results in a particular e-sports league, and then he or she just might be anagnorised by some E-sports club through inspecting his or her competitive potential and space for development. This mode can be looked as a elite education. As the result, some people who love the Electronic Sports but can not achieve good result as various reasons just obliged to make physical and mental stress on their own. On one hand, it reflects that the degree of domestic e-sports market relatively low. On the other hand, it is obvious that Chinese clubs are

lack of effective organization and management. Solving these problem still need various efforts.

3 Research conclusion

In sum, Overseas, the E-sports have high position and marketing degree. Continuing to organize related events have formed specialized market. Especially emergence of professional athletes accelerated the developments of E-sports in the field to the depth. Beijing should seize the opportunity of E-sports development and expand the E-sports industry of Beijing through getting help from supporting for high-tech electronics industry of government and industry cluster exemplary role of Beijing animation city

4 The proposals for Beijing E-sports industry development

According to the above-mentioned SWOT analysis for Beijing E-sports industry, the following, we provide some suggestion in order to ensure keeping and taking full advantage of vantage, reducing and transforming disadvantage, supply a action for facing opportunity and a measures which should be used for avoid threats

4.1 Increase the government support

Besides policy support, Beijing government ought to provide more alternative subsidies as initiation fund of the E-sports industry for the purpose of researching and developing core technology of the E-sports industry. For example, the government should offer various support from funding to technology for the E-sports industry; it can proffer long-term low-interest loans; it ought to set up information fund for serving the E-sports industry and so on.

4.2 Digging market value of electronic games industry into the depth

In order to Further understand operation mode so as to form the industrial chain and develop industrial value, the video game software development should gradually change into domestic video games of real independent research and development and independent operation from the principle of foreign game. In sponsor aspects, support and participation of local sponsors should be promoted and encouraged so that breaking monopolization of the international business support such as SAM-SUNG, INTEL and SONY etc. The purpose do not limited to depend on the sponsorship of local high-tech enterprises. Through expanding the sources of funds, not only major electronic sports league can obtain more generous prize money on order to increase the income of athletes and vendibility but also the development of other related industries can be promoted.

4.3 Work together to develop market

At this stage, the development of the Chinese E-

sports industry should absorb excellent feature of other countries and need insist to pay equal attention to socialization and industrialization, combine popularization with raise and create and building own E-sports brand competition at the right time. Discovering and forming the E-sports industry development mode of healthy development is a considerable work in sustainable and healthy development of E-sports aspects. The E-sports industry exist huge market potential. The key point is how to look for the position of itself, how to cooperate and develop the market together for being multi-win and win-win.

4.4 Accelerate the pace of personnel training

E-sports personnel training can not be same as training methods of basic researchers and it should be possessed of transnormal development pattern. In Korea, in order for encouraging E-sports users, so long as people join important E-sports competition and achieve ranking or research and develop high-quality E-sports product, he or she can be guaranteed acceptance to university. It is this range of personnel training plan that Korean E-sports industry rapidly develop and occupy opportunities around the world

4.5 Eliminate social prejudice in order to increase social status of athletes

Increasing income of the E-sport athletes is a fundamental way which make E-sports possess of higher social status. Supposing that they have enough income, the E-sports are not game which is in people's attitudes or do not to attend to one's proper duties any more, but it is a real career and means of earning livelihood so that reduce prejudice of parents and friends.

4.6 Cleaning network environment through legislation

The E-Sports as a emerging industry exist some content objects which are not encompassed by law. It is necessary through legislating can action of infringing intellectual property and disturbing the market order (such as private servers, hack tools etc) be attacked. At same time, E-sports products and related business activities are hit, which include illegal content for instance Obscenity, pornography, gambling, violence, superstition, trading enrichment and endangering national security and so on. In the law, 'virtual property in the E-sports' need be defined for abiding by law.

4.7 Primary research and development competitive products in E-sports

Primary research and development competitive products of E-sports is aimed at research and develop core technology of E-sports which have intellectual property and build the game engine of independent. On one hand, it need provide satisfactory digital entertainment products. On the other hand, it pay attention to human

and humanism of game and eliminate restricted factors such as violence, pornography and reactionary and so on . At the same time, through overall development of games derivatives can Chinese sports industry scale be expanded and increased so as to really form virtuous circle mechanism of reproduction of Chinese E-sports industry.

4.8 Sights on industry prospects for grasping the opportunities

Due to the rapid development of information technology, digital entertainment industry continuously emerge new growth pole. The first chance can be grasped only through accurate judgments for industry development. For instance, mobile gaming market might be the next hotspot of the E-sports. China has a huge cell phone user groups. A famous advisory bodies- Yi-Guan-Guo-Ji count that China's domestic market size of the overall mobile phone game has been close 600,000,000 RMB.

As amount of data transfer is limited, mobile phone games are almost Offline games, currently. If the technical obstacle can be breakthrough and realize real-time interactive networked multiplayer mobile game, it will attract more users.

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