

# **The current situation and future development of e-sports club in China and Finland**

Haofeng Huang





<b>Author(s)</b>	
Haofeng Huang	
<b>Degree programme</b>	
Sport Coaching and Management	
<b>Report/thesis title</b>	<b>Number of pages and appendix pages</b>
The current situation and future development of e-sports club in China and Finland	43+2
<p><b>Abstract</b></p> <p>Electronic sports is a new form of sports, containing unlimited potential. With the popularity of personal computers and the expansion of network coverage, they are becoming more and more popular all over the world. Through the rapid growth of e-sports in recent years, forming a virtuous circle of industrial chain. However, compared with Finland, China, a country with strong traditional ideology, still encounters a lot of resistance, which requires people to deeply understand that it is not only a sport, but also a new growth point of modern economy. The purpose of this thesis is to study the factors that influence the development of e-sports clubs. First, through in-depth analysis of each representative e-sports club, ENCE e-sports club (Finland) and SMG e-sports club (China, TEAM 17 E-sports Club) history, current situation and future development planning. Second, the research focuses on the influence of sponsors, competition bonuses, commercial activities and peripheral income (live broadcast, offline activities and derivative products) on the development of e-sports clubs, and makes a comparison with the development of traditional sports clubs. The main research methods include secondary data, data analysis, SWOT analysis, qualitative analysis and literature research. The key factors for the slow development of China's e-sports industry are the lack of highly international vision, lack of clear policies, low level of game education, and loose industrial ties. The advantages of SMG E-sports club are star players and "E-sports + music". The disadvantage is that there are not enough competitive events and the quality of players is not high. The opportunity is to diversify international events and business models. The threat is vicious competition in the industry and unclear policies. The key factors for the rapid development of Finnish e-sports industry are highly international vision, strong government support, high-level game education and close industrial ties. The advantages of the end E-sports club are star players, stable capital chain and its own club culture. The disadvantage is that there are not enough competitive events. Opportunities are clear policies, large market capacity and diversified business models. The threat is vicious competition in the industry.</p>	
<b>Keywords</b> SMG E-sports Club(TEAM 17 E-sports Club), ENCE E-sports Club, Development strategy and effects , E-sports industry	

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## **Glossary**

APEX LEGENDS = a popular first/third person shooter , a close to virtual shooting game

Cheated = Cheating when playing games

CS:GO = Counter-Strike: Global Offensive, It is a first person shooting game jointly developed by Valve and Hidden Path Entertainment and officially launched in Europe and America on August 21, 2012.

DouYu = One of the biggest video game streaming sites in China

E-sports enthusiasts = The total number of users who watch videos or news related to various e-sports games, as well as the total number of users participating in e-sports offline events or competitions, including e-sports users.

ESPN = Entertainment and Sports Programming Network, ESPN is a 24-hour American cable television network that specializes in sports programs. At first, ESPN also played entertainment programs. Later, ESPN made great efforts to develop sports programs.

E-sports user = A user who participates in or purchases an e-Sports game related product or service within six months.

FPS = First Person Shooter, a game genre

LPL = Refers to the League of Legends professional competition, the highest level of the League of Legends professional competition in mainland China, is the only channel for the Chinese mainland to lead to the annual mid-season championship and the global finals.

LSPL = League of Legends class a professional league, As the only channel to promote the professional League of Legends (LPL) since 2014, it will present a new year's e-Competition feast for the majority of players through professional competition system and professional live channel.

MOBA = Multiplayer Online Battle Arena, a game genre

NBA = National Basketball Association, It is a men's Professional Basketball League composed of 30 professional teams in North America and one of the four major professional sports leagues in the United States.

PUBG = PlayerUnknown's Battlegrounds, a popular first/third person shooter , a close-to-real shooting game

TPS = Third Person Shooter, a game genre

Turner Sports = It is a subsidiary of Turner Broadcasting System Co., Ltd. and is responsible for Turner sports broadcasting channel, including TBS, TNT, TURNER TV and CNN Enespañol, as well as the operation of digital media channels NCAA.com, NBA.com, PGATOUR.com and PGA.com. Turner sports also operates NBA TV on behalf of the National Basketball Association and owns PEACETREE TV.

WCG = Refers to World Cyber Games, which was founded in 2000 and ended in 2013. It is a global e-sports event (or "Computer Game Culture Festival"), known as the "E-sports Olympics", which is promoted by Korea International Electronics Marketing. Hosted by the company (International Cyber Marketing, ICM) and sponsored by Samsung and Microsoft (since 2006).

## 1 Introduction

E-sports is a new industry derived from online games. E-sports industry is a new sports industry with potential and prospect. The concept of E-sports began in the late 1990s in Europe and the United States. Before that, ordinary Chinese players regarded E-sports as entertainment. After gradual development and continuous expansion and improvement of the scale, the organization and rules of the industry have been formed. Later, with the emergence of WCG, it began to move to South Korea and spread in Asia.

Finland's e-sports industry started early and is relatively complete in all aspects. China started late, but its development momentum is strong. Emerging industries and new market demand have brought unprecedented opportunities. SMG E-sports club and ENCE E-sports club are born in this context.

Because of such a large social phenomenon, some people are interested in the reason of the rapid popularity of e-sports, while others are more concerned about the current situation and future development of E-sports clubs.

Through the analysis of China's SMG E-sports club and Finland's ENCE E-sports club, this thesis discusses the factors that affect the development of E-sports club, and predicts the future development trend of E-sports clubs in the two countries, which is helpful to think about and solve the difficulties and challenges in the future development of E-sports club.

As E-sports is still a new concept for many people, this thesis will also introduce some basic knowledge of E-sports and provide some basic information about key concepts and game industry.

The research methods of this thesis mainly include secondary data, data analysis, SWOT analysis, qualitative analysis and literature research.



## **2 Purpose and method of research**

### **2.1 Purpose**

As a newly emerging industry, E-sports has been developing for a short time. As far as it is concerned, there have been various drawbacks and problems. Without its original vitality and momentum, the aging speed is worrying. The entire e-sports industry now looks like a hundred flowers blooming and thriving, but what is hidden under the surface calm is greater turbulence and chaos. Lack of management and clear operation system, resulting in the loss of E-sports in its own market is greater than the profit. Regardless of its commercial nature, it is still a sport itself, and there are some difficulties in its nature and future development and survival. However, as the main channel of delivering talents for e-sports, it is necessary to find out the factors that affect the development of E-sports clubs.

According to the latest report released by Newzoo, a Dutch market research organization, the global E-sports market is expected to exceed US \$1.65 billion by 2021. According to Newzoo, the ultimate dimension of e-sports industry growth is club profitability. As far as the current situation is concerned, many E-sports clubs are losing money in operation, and even the large E-sports League, the North American League of heroes Champions League (NALCS), is losing money in operation. It can be seen that the future growth of E-sports is based on the profitability of E-sports clubs. (Newzoo 2018.)

This thesis takes the most representative E-sports clubs in China and Finland as the research object (SMG E-sports club, ENCE E-sports Club), aiming to explore the commercial development direction and trend of E-sports clubs in the two countries. The purpose of this thesis is to understand the commercial potential of E-sports clubs and provide constructive suggestions for game developers and investors to develop E-sports market.

### **2.2 Methods**

This part aims to analyze and discuss the current situation and future development trend of E-sports clubs in China and Finland. This chapter introduces the following common research methods: secondary data, data analysis, SWOT analysis, qualitative analysis and literature research.

Secondary data research refers to the process of searching and researching data related to research projects. These data are collected and sorted by others, some of which have been published, and have the advantages of saving time and effort. (Secondary data 2019.)

According to the needs of research purposes and contents, through analyzing the 2018 China E-sports Industry Research Report of iResearch, the global E-sports market report of Newzoo and the 2018 China e-sports industry annual comprehensive analysis of Yiguan. These reports are all about the development history and development factors of e-sports, which is helpful to understand the latest news of e-sports, sort out and analyze it, so as to provide rich theoretical knowledge for this thesis.

Data analysis method is a process of using appropriate statistical analysis methods to analyze the collected data, extracting useful information, forming conclusions, and conducting detailed research and summary on the data. This process is also the supporting process of the quality management system. (Data analysis 2019.)

Based on the data analysis of two E-sports clubs, this study summarizes the current situation and future trend of E-sports clubs in China and Finland, and puts forward suggestions on the basis of the conclusions.

SWOT analysis is situation analysis based on internal and external competitive environment and competitive conditions, is to enumerate all kinds of main internal advantages, disadvantages and external opportunities and threats closely related to the research object through investigation and arrange them in accordance with the matrix form, and then use the thought of system analysis to match all kinds of factors and analyze them to get a series of phases. The conclusion is usually of certain decision-making nature. (SWOT analysis 2019.)

This method is used to analyze the internal and external factors that affect the development of the two E-sports clubs, and get the corresponding results, so as to provide a certain degree of persuasion for the conclusion.

Qualitative analysis is an analysis method that infers the nature and development trend of things according to the subjective judgment and analysis ability of forecasters. (Qualitative analysis 2019.)

Literature analysis refers to the analysis method of finding out the nature and status of the research object and drawing out their own views from the collected literature. (Literature research method 2019.)

### **3 Global E-sports history**

#### **Early history (1972–1989)**

Attendees of the 1981 Space Invaders Championship attempt to set the highest score.

The earliest known video game competition took place on October 19, 1972, at Stanford University for the game "SPACEWAR", where students were invited to an "Intergalactic SPACEWAR Olympics" whose grand prize was a year's subscription for Rolling Stone. The Space Invaders Championship held by Atari in 1980 was the earliest large scale video game competition, attracting more than 10,000 participants across the United States, establishing competitive gaming as a mainstream hobby. (E-sports History 2019.)



Figure 1. The first video game competition was in 1972 (E-sports History 2019.)

#### **E-sports goes online (1990–1999)**

In the 1990s, many games benefited from increasing internet connectivity, especially PC games. Netrek was the third Internet game, the first Internet game, the first Internet game to use metaservers to locate open game servers, and the first to have persistent user information. Large e-Sports tournaments in the 1990s include the 1990 Nintendo World Championships, which toured across the United States, and held its finals at Universal Studios Hollywood in California. Nintendo held a 2nd World Championships in 1994 for the Super Nintendo Entertainment System called the Nintendo PowerFest '94. (E-sports History 2019.)

#### **Rise of global tournaments (2000 onwards)**

Recently, e-Sports has gone through tremendous growth, incurring a large increase in both viewership and prize money. Although large tournaments were founded before the 21st century, the number and scope of tournaments has increased significantly, going from about 10 tournaments in 2000 to about 260 in 2010. Many successful tournaments were founded during this period, including the World Cyber Games, the Intel Extreme Masters, and Major League Gaming. The proliferation of tournaments included experimentation with competitions outside traditional e-Sports genres. For example, the September 2006 FUN Technologies Worldwide Webgames Championship featured 71 contestants competing in casual games for a \$1 million grand prize. (E-sports History 2019.)

### 3.1 E-sports industry history in China and Finland

#### China



#### Exploration period(1998-2008)

- The first batch of e-sports games entered China
- Third-party events dominate the market
- Policy affects industry stagnation



#### Development period(2009-2013)

- <<StarCraft II >> Remove local area network mode
- << League of Legends >> Landing in China
- E-sports club union established



#### Platform period(2013-2016)

- WCG closed, the first LPL opening
- TI wins the sky-high price bonus to increase e-sports attention
- A large number of live broadcast platforms enter the e-sports market, help e-sports communication, and cultivate the competition copyright market

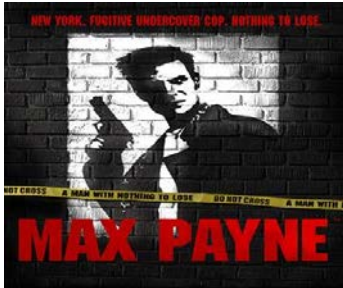


#### Outbreak period(2017- )

- A large amount of capital flooded into the upstream of the e-sports industry chain, driving the development of the industry
- LPL began to reform the alliance and promote the development of e-sports market
- The global finals of the S event were held at the Bird's Nest. Enhance society's attention to e-sports

Figure 2. Development trend of China's e-sports industry (iResearch 2018.)

## Finland



### Early days: PC and console games take off

- The emergence of the PC
- Development of games
- Hardware, image, network technology maturity
- With the launch of Steam in 2002, more Finnish PC and

(Finnish PC games representative)



### Mid-term: NOKIA drives the pre-installed mobile game industry

- The rise of NOKIA in the late 1990s
- World-class mobile game developer
- The first revolutionary transformation of the mobile phone into an entertainment device
- Established stable production standards and busi-

(Snake came to NOKIA 6110 in 1997)



### The smartphone era: mobile games are growing fast

- With the rise of the iPhone and android phones, Finnish mobile games are playing an important role in the global mobile game market.
- Relude released the worldwide hit <<Angry Birds>> in 2009 after changing its name to Rovio.
- The founder of Sumea, Ilkka Paananen, founded Supercell in 2010 and became the world's largest mobile game company by revenue. It was acquired by Tencent in 2016

Figure 3. Development trend of Finnish game industry (Kaipule 2017.)





## 4 Commercial elements of e-sports clubs

Everything is changing in this world. However, the changes in market competition are more rapid. In order to survive and develop in this ever-changing environment, we must constantly adapt to changing the strategic thinking and methods of E-sports clubs to ensure the competitive advantage of E-sports clubs.

### 4.1 Status of the e-sports industry

In the information age, if enterprises want to achieve long-term survival and development success, they must always pay attention to the external environment and the opportunities and threats they face. Otherwise, enterprises will have a closed situation, leading to the failure of enterprises.

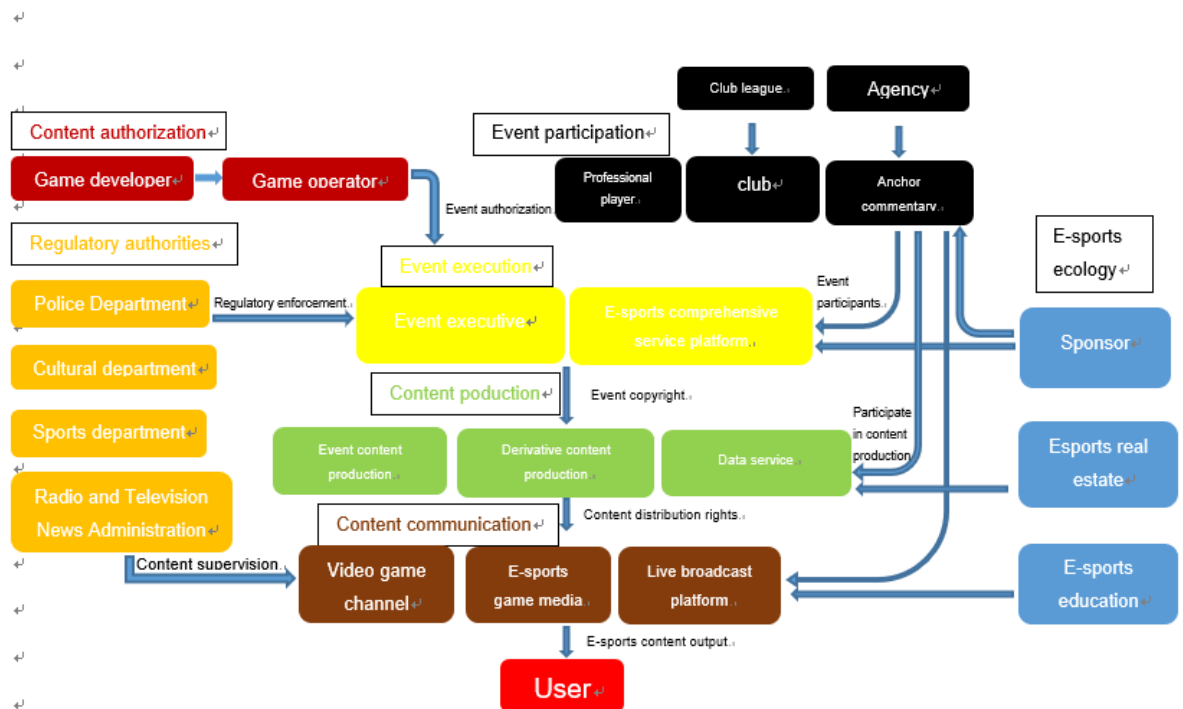


Figure 4. 2018 E-sports industry annual comprehensive analysis (Yiguan 2018.)

#### 4.1.1 Game operation

Game operation is to push the game to the market. Through the operation of the product, users can understand the real-time situation, and eventually become loyal users of the game. At the same time, through a series of marketing means, to increase the number of

Internet users, stimulate consumption growth and profits. The operation method of the game is divided into six stages, namely prediction stage, adjustment stage, test stage, official start stage, game operation stage and the operation stage of the game towards extinction.

In the prediction stage, we should fully understand the technical advantages of game development itself, applicable platforms, themes, IP, core games, development progress, charging design, charging methods, competitors, game screening tasks, etc.

In the game adjustment stage, determine the development progress and expected online time of the game, communicate with the operator, stagger the online time of the game, go to see various test versions of the game, and adjust the game value and fees. Although the product is not online, it has entered a warm-up period. The external media publicity and special area construction have formed the first impression of the players on the game. A good game preheating scheme can reduce the learning cost of players, cultivate players' participation in game planning, quickly find a sense of belonging, and then form a group of players such as QQ group, special area forum and post bar. The game is popular before it is sold.

In the test stage, according to the information obtained before, discuss the promotion points and marketing plans of the game with the media, market and channels, and estimate the approximate number and cost of users when online. The game is about to come out, some players enter the game and generate recharge. Because they have been on the channel to participate in the market competition, developers and channels will pay attention to the active data of the game, recharge payment and other data. However, as a small-scale test of the game, the feedback of players to the game is more important than the operation data, and it is also a time to test the bearing capacity of the server.

In the formal start-up phase, pay attention to the download and registration process, consider how to retain more users, and pay attention to user feedback and data. Three months before the public test is the key period for the game to make money, and the purpose is more complex and diverse. First of all, improve the game data, including: number of registered people, payment indicators (payment rate, total payment, number of paid people), game retention (next day retention, three days retention, seven days retention), loss rate (loss level, loss type), etc. Secondly, improve the channel ranking. At that time, the channel will launch various lists, such as download list, payment list, new travel list, popularity list, etc. The third is the popularity of media search. It is recommended and reported on the channel search hot words and mobile media, which greatly improves the

popularity and exposure of the game industry, and undoubtedly paves the way for attracting new players.

In the game running stage, pay attention to the version update and user feedback of each event, solve the problem in the first time, compensate the user if necessary, and extend the product life cycle. (Baidu Encyclopedia 2019.)

In the operation stage when the game is going to die, after a long time of operation, your game life cycle has ended and the service cannot be maintained. You must put users into other games and continue to create value when they are not all gone.

#### **4.1.2 E-sports event**

The e-sports event is the core of the e-sports industry, and different e-sports events correspond to different event operators. According to the category of the organizer, the e-sports event is divided into first-party events and third-party events. The first-party events are events hosted by a game manufacturer. Third-party events are events hosted by events other than game makers.

Since the first party event is a marketing tool for the manufacturer to promote the game, its investment can be reverted through in-game purchase. Therefore, the manufacturer usually does not calculate the cost of the event, which also determines that the first party event operator's revenue source is mainly event hosting fee, is about 50%-60%, advertising fee, is about 20%, tickets, derivatives and royalties are all attributed to game makers.

Third-party events lack the support of vendors. Therefore, the third-party events are for the purpose of profit, with the event as the product and the sponsor as the main service. The main external source of third-party event income is the advertiser, the sponsor's sponsorship fee, and the other part is the copyright fee for the event. These two parts of income basically occupy the entire income of the operation of the event, the sponsorship fee accounts for about 50%-70%, and commercial development such as tickets and derivatives is mostly sold by free ticket or low price, so this part of the profit is more less.

(Yiguan 2018.)

#### **4.1.3 Game media**

Game media refers to the medium that disseminates game information. Mainly the experience and opinions of the players after completing the game. Game media largely determines the direction of a game, because it will deliver information to e-sports enthusiasts in the first time, so the game media affects the average player's view of the game. The game

media will also absorb more potential customers for e-sports, disseminate the positive energy of e-sports, and provide ticket sales channels for e-sports. In China, the operators of game media are mainly those who love e-sports, so there is a lack of relevant professional management personnel and professional knowledge in the operation of game media. The existence of game media creates many social problems, so it is not favored by investors.

#### **4.1.4 Model study of commercialization of the traditional sports industry**

Traditional competitive sports clubs have many successful cases in commercialization, such as NBA, NFL, European Football Premier League, Bundesliga, Serie A, etc. Let's analyze the profit models of these clubs.

##### **TV broadcast revenue**

In the past decade, TV ratings have shown a downward trend due to the development of many technologies such as streaming services and digital video. However, the factual broadcast of the sports event has not been affected by this trend. As a result, television broadcasters often spend large sums of money on the right to broadcast, which has become one of the main incomes of traditional competitive sports clubs. In the case of the NBA and ESPN, Turner Sports signed a nine-year broadcast agreement worth \$24 billion, and the agreement will take effect in the 16-17 season. By then, the NBA will receive an annual payment of \$2.6 billion from ESPN and Turner, deducting the operating expenses of the alliance, and all NBA s will share these revenues. In addition, some well-run s also have their own peripheral videos, such as: training games, short films made for star players, these videos can also be sold to TV stations for broadcast fees. (Hanyetingyu 2018.)

Compared with e-sports, the revenue model of TV broadcast can be embodied in other forms such as live broadcast platform and streaming media. At present, LPL and LSPL have already made attempts in this regard, and this will become an important channel for club revenue in the future.

##### **Ticket income**

Traditional competitive sports are divided into main and away games. One season of competition is often cycled between different cities. While stimulating local consumption and expanding the influence of the event, competition tickets, season tickets, and rents for competition venues have become an important source of club income. Ticket revenue depends on the heat of the city. The highest historical sales in the NBA is the Chicago Bulls. The average number of visitors reached by 2015 was 875,000. Last season's New York

Knicks were the highest in the league, with an average of \$129.38, which translates to a Knicks ticket income of \$10 million a season. (Hanyetingyu 2018.)

Compared with e-sports, in the past year, more and more e-sports fans have chosen to watch LPL games on the spot. LPL and Demacia Cup have also expanded to Wuhan, Suzhou and Nanjing. On April 30, at the 2017 "League of Legends" e-sports strategy conference, Tencent's LOL China and the first game China officially announced the "LPL Alliance" and "Home and Away System" new e-sports reform plan. In the future, LPL will be stationed in five major cities to further expand the influence of the event, and will also make ticket sales truly become a part of the club's revenue.

### **Revenue sharing and authorization**

In the United States, for example, the authorized goods revenue of the four major sports leagues in the United States is as high as \$12.8 billion a year, and royalties have risen to \$698 million. Recently, the NBA and Adidas ended their cooperation and signed a \$1 billion cooperation agreement with Nike, valid for 8 years. According to Nike's official website, at the beginning of the 17-18 season, Nike launched an official club jersey suit. They will not only supply game equipment for NBA active players, but also a considerable number of authorized products will be put on the market, so that every basketball fan can buy the same jersey and shoes as the stars. In addition to authorization, revenue sharing is also a great measure of professional sports in the United States, which resolves the contradiction between different s' income differences. In this way, all the annual income is put together for redistribution, in this way, each can get an equal salary cap.

Taking football as an example, the Bundesliga's Bayern Munich is the fourth club in the world of football's profitability. It is the most typical club with high business development revenue. In 2012, it created 368 million euros of wealth. Among them, business development accounts for 85% of total revenue, including commodity sales, franchising, and business development. Operating development income is an important manifestation of the club's management and management capabilities. Among the Bayern Club staff, players, coaches and other members account for one-third, and the remaining two-thirds are professional, high-level management personnel. In addition, they also hired professional marketing management and financial management consultants, who combined many years of professional sports experience with modern management and scientific management methods. Such club management methods are the top in the world. (Hanyetingyu 2018.)

Compared with e-sports, in recent years, with the continuous improvement of domestic licensing awareness, e-sports clubs have begun to focus on their own brand value, and

began to try to license club brands and player brands to third parties for business. In China, EDG and WE e-sports clubs are better, which combine culture with commodities and form the embryonic form of fan economy.

### **Peripheral goods income**

In traditional competitive sports, the more mature the club, the higher the income of surrounding goods, which represents the perfection of a club's business system. For example, in the case of Real Madrid, the last ten years, in addition to being overtaken by Barcelona last season, Real Madrid has been the most profitable club in the world. The revenue of the 15-16 season exceeded 620 million euros, of which the sales revenue of goods is close to 70% of the total income. Club merchandise sales are usually sales activities that are generated around the emotional needs of fans, and the merchandise that fans consume while watching the game is only a small part. Most of the merchandise is the consumer demand generated by fans after watching the game and establishing emotional connections with the , clubs, and star players. So fans are a huge potential consumer group of the club. The club is only the key to the success of this profit model by establishing the attachment point of the fan's emotions, linking the emotional satisfaction with the purchase of goods, and achieving the natural transformation of fans and customers. Although Real Madrid has been a successful case in the world in this field, the industry still points out that Real Madrid still has huge development space in this field. (Hanyetingyu 2018.)

Compared with e-sports, many E-sports clubs in China have their own Taobao stores, but their management has not been paid attention to. Due to poor service attitude, low cost performance of products, imperfect after-sales and other reasons, the income of derivatives is strangled in the cradle, so the business of Taobao store of many E-sports clubs is bleak. There are many good examples, such as LGD E-sports club. The monthly turnover of its snack bar can be kept at 3000-5000 yuan. Many LGD fans buy snacks in the LGD Taobao store and send them to LGD e-competitors, which has become a unique phenomenon in the fan economy. (WeChat public account. 2018) In this area, E-sports club has a great development space. It should be combined with the traditional retail industry and clothing industry. As long as there are successful cases, they can be promoted in the e-sports industry.

### **Sponsor**

In traditional competitive sports clubs, sponsorship only accounts for a small part of the club's revenue. As long as the club reaches a certain scale, sponsorship is no longer the lifeblood of the club. Real Madrid president Florentino Perez (2017) once said:

"The profitability of the club is the most important thing for sponsors and no sponsor would invest in a club with a low income."

Sponsor - led clubs are the initial stage of e-sports club development. With the continuous entry of capital, the club can improve its various systems. Instead of focusing solely on achievements, it will consider recruiting professional talents and building its own business system. As leagues and clubs become more professional, brands and markets will expand. This is a virtuous circle.

## 5 China E-sports Club Management

As a collection of technology industry, cultural industry, sports industry and media industry, the e-sports industry will have a huge industrial synergy effect. Its development has a very creative space and contributes a lot to related industries. E-sports has brought huge economic benefits to society.

Although we all know the popularity of e-sports, it still needs relatively objective data to reflect. According to the Dutch market research company Newzoo, a report on e-sports was released. It is estimated that the global e-sports market revenue in 2018 will increase by more than 250 million US dollars, reaching 905.6 million US dollars, and is expected to exceed 1.65 billion US dollars in 2021. (Yutang 2018.)

With the long-term stable and rapid development of China's economy, the demands of the masses for leisure sports are also increasing. Today, with the rapid development of the network economy, the emergence of e-sports coincides with the needs of the general public. Its appearance has enriched the lives of the people, but also allowed many companies to see the business opportunities hidden in e-sports. Under the joint efforts of all forces, the development of e-sports has gradually flourished in China. At present, China has 64 e-sports club, which has five professional clubs. More than 1,200 athletes registered, including nearly 60 professional athletes. Not only that, China already had more than 26 million e-sports club enthusiasts. The main brands included the National E-sports Games sponsored by the China Sports Federation and IEST sponsored by Lenovo Group. All the games made the center market of global e-sports events come into being. (Xu, 2019, p.694)

With the continuous enrichment of Chinese game products, the number of players continues to expand. In the next 1-2 years, China's e-sports users will continue to maintain rapid growth. The driving force for the development of China's e-sports users in 2018 is mainly the attraction of a large number of casual players by the "PUBG"-based e-sports game. I believe everyone has heard of "Winner Winner, Chicken Dinner", which is also the embodiment of PUBG's global popularity.



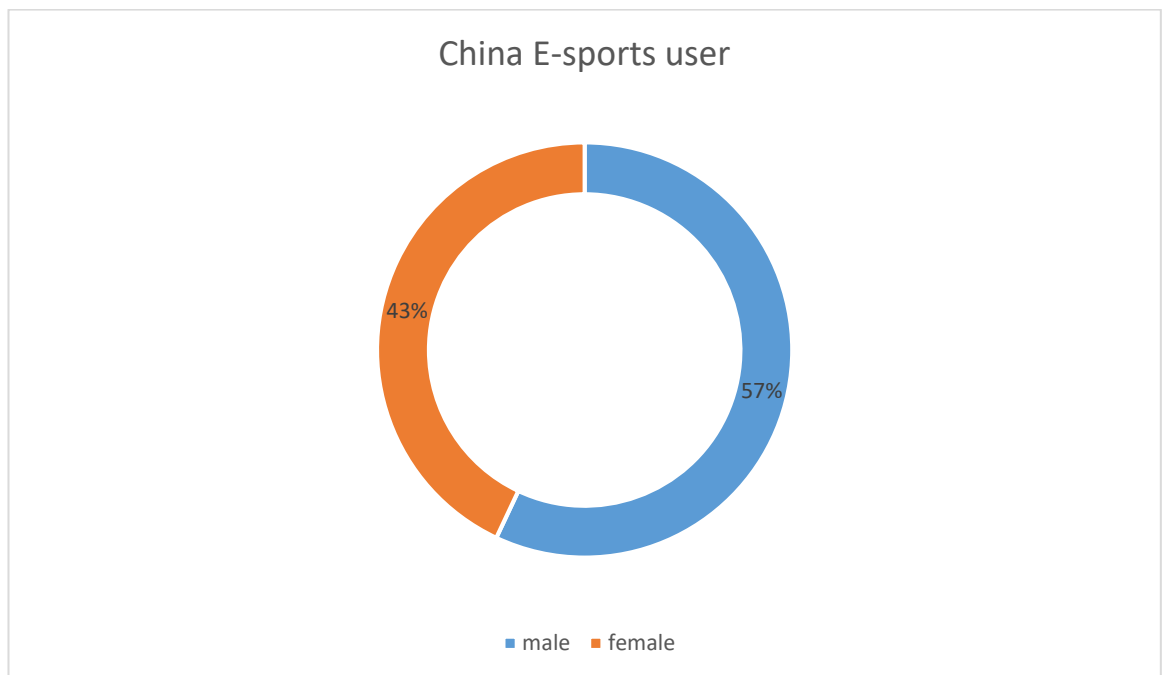


Figure 5. Analysis of Chinese e-sports users (Yiguan 2018.)

Male users are the main users of e-sports. With the development of e-sports entertainment, the proportion of female users in the market is slowly increasing.

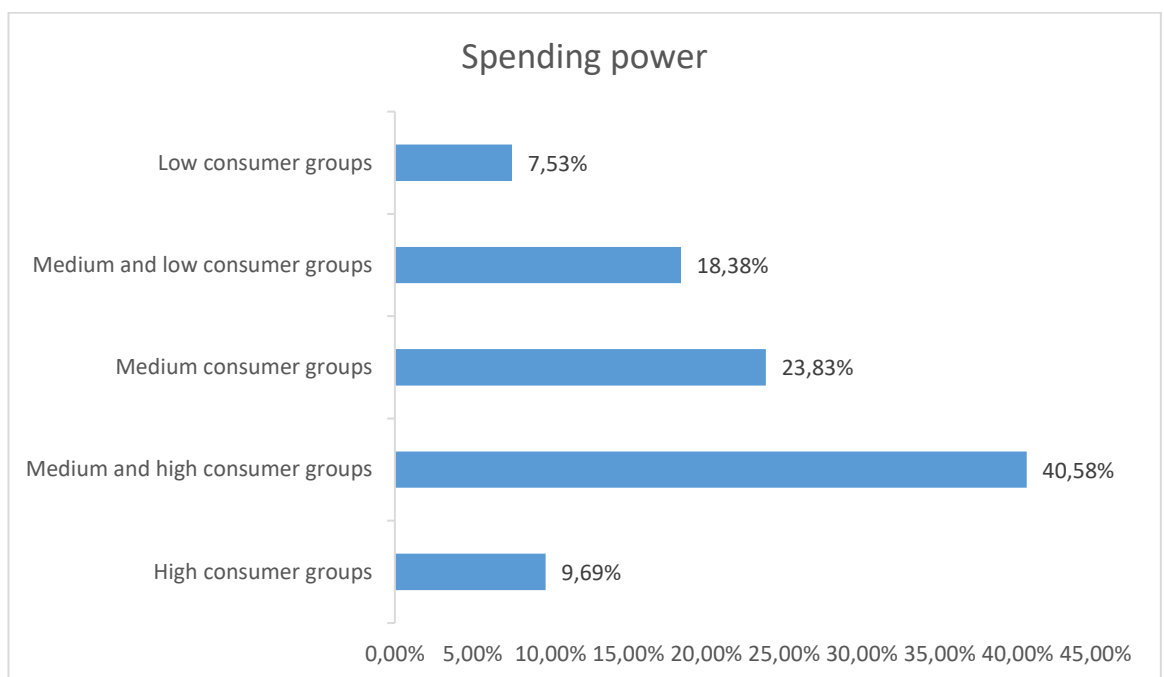


Figure 6. Analysis of Chinese e-sports users (Yiguan 2018.)

Among the e-sports users, the proportion of medium and high-consumer consumers is the highest, indicating that the comprehensive consumption power of e-sports users is relatively strong.

### **5.1 Operation of SMG Esports Club**

Club income mainly includes bonuses, sponsorship, peripheral income and commercial activities. At present, SMG e-sports clubs have some advantages in the industry resources.

In order to improve the profitability of the live platform, the live broadcast platform of the game tried to show operation, and the live broadcast of the show also began to pay attention to the live content of the game to obtain more users. In this case, various live broadcast platforms have signed up for e-sports clubs. In this environment, China's largest live broadcast platform, DouYu, signed SMG E-sports Club. Before the club had signed for the live broadcast platform, 17shou, the soul of the SMG E-sports Club, was able to obtain a lot of popularity and fame through live broadcast on the DouYu live broadcast platform, which led to the establishment of one of the important factors.

As the e-sports industry has become more and more eye-catching, capital from different backgrounds has entered the upstream of the e-sports industry chain in various ways, changing the situation of capital intensive in the live broadcast platform. Take SMG E-sports Club as an example. Its sponsors include AUTOFULL and RAZER belonging to e-sports equipment, ANTGAMER and IPASON belonging to computer accessories, and bean porridge belonging to the video website, belonging to the HUPU of the media. (SMG E-sports Club Weibo article 2018.)

In order to develop in the long run, an e-sports game must rely on hosting events, and the richness of the bonuses also determines the popularity of the event. In recent years, the prize money for e-sports has increased dramatically with the entry of large amounts of capital, but despite this, most club bonuses are not worth mentioning compared to the club's own expenses. Bonuses are the biggest part of the club's ability to create wealth by relying on self-profitability.

SMG E-sports Club's rankings and prizes in PUBG, in addition to improving the visibility of the game and the organizers, can enhance the club's own influence, which is also a great advantage for the surrounding income and business activities of the club.

The surrounding income refers specifically to the sale of peripheral goods with intellectual property rights of clubs and players, the authorization of goods, and the operation of third-party stores. It is the largest development space for the club's revenue system. The surrounding products of SMG E-sports Club include keychains, mobile phone cases, clothes, hats, notebooks, thermos cup, wireless chargers, suitcases, sports sweatshirts, canvas bags. (SMG E-sports Club Taobao Store 2018.) Although its peripheral products are rich in variety, the sales volume is not high, and it is not profitable. The main reason is that the club does not focus on profitability, the e-sports club mainly focuses on the results of the competition, and the second is that no relevant professionals can do this side of the operation.

Business activities are the collective name for all external business activities, including advertising endorsements, exhibition games, sponsor brand promotion, campus behavior and so on. Sponsors aim to raise awareness of their brand, so the players will be asked by sponsors to help their products in the e-sports industry. The sponsors will organize some business activities to ask players to attend, increase the visibility of sponsored brands, in order to open the e-sports market. While the e-sports club is signing the players, the players also play the role of artists. But the core of the club is the results, so often after the players retired, they really devote themselves to business activities.

SMG E-sports Club's income sources include sponsors, club official Taobao shop, club official live broadcast platform, income from participating in business activities, peripheral products, and bonus for various competition events. The official Taobao shop, the club's official live broadcast platform revenue and commercial promotion activities are currently the main source of SMG E-sports Club operating income, accounting for 50% to 70% of club income. (SMG E-sports Club Taobao Store 2018.) Most of the prizes by the competition will be returned to the players. At the same time, in the treaty between the general club and the players, there will be rules for the match between the game and the salary. If the score is good, the salary of the player will also rise.

The main expenses of the SMG E-sports Club mainly include: staff salary (including management personnel, coaches, athletes); base rent for training competitions; daily expenses of club personnel. Although there is more income and sponsorship, at the same time, it faces the increase in the salary of the star players and foreign aid players in the , the expansion of the base, the operation of the club, the advertising and other expenses, and it is still difficult to profit after removing various expenses.

### 5.1.1 Establishment of SMG Esports Club

The name of the SMG E-sports Club means 17 years old forever, a good age to remember the time when playing video games in the past 17 years old, so named SMG E-sports Club.

SMG E-sports Club was established by the famous Chinese shooting game player 17shou in 2018. On August 2, 2019, it was acquired by Asian pop star JJ Lin for brand upgrading and "e-sports + music". In China, there are many stars to buy e-sports clubs, which is not only a hobby, but also the interests behind it. At the beginning of the establishment of the e-sports club, it was questioned. The main reason is that the soul of the SMG E-sports Club 17shou was questioned and cheated because of the technology is too good. In addition to his professional skills, his temper is also admirable. Whether it is a big game or ordinary entertainment, when he is dragged down by his mates and loses the game, he will not be angry, nor will he insult his mates. This is something that many male players can't do. Later, it is precisely because of his broad mind that he has attracted many opportunities. (SMG E-sports Club Weibo article 2018.)

At the beginning of the club's establishment, the club was located in Xi'an, Shaanxi, China, and moved to Shanghai, China's e-sports magic capital, one year later. After the establishment of the club, in addition to having ordinary contacts with other e-sports clubs, they can better reflect the reputation of SMG E-sports Club in the e-sports industry. Whether their bases are free or not, they will be open to other e-sports. The members of the other e-sports clubs came in for training and hospitality. In one match, there was a problem with their base that prevented them from functioning properly. They planned to go to the Internet cafes. Other e-sports clubs invited them to come to training and competition. It can be seen that the operation behind the SMG E-sports Club is inseparable from strength and popularity. (SMG E-sports Club Weibo article 2018.)

Since its establishment, the club has participated in 488 games and won four championships. One of them has won the China Division of PCPI2, the internationally renowned event of PUBG, ranking first in China. As a newly established e-sports club, its development speed is indeed very fast, but it also exposed many problems. The state of club members is in a downturn and leaving the biggest problem in the development of SMG E-sports Club. Whether a club can continue to develop, the results of the game competition is essential, and all factors of club development are based on the results of the game competition. (China E-sports Value Ranking 2019.)

In the SMG E-sports Club, we can also see the shadow of many e-sports clubs, because of insufficient funds to establish a series of youth training echelon construction. The biggest advantage of the youth gradient construction is that the e-sports club itself explores and trains potential players. In the long run, the main factor in becoming a top e-sports club is to have star-like players. After all, trading star players are unrealistic. The interests and risks behind trading star players cannot be systematically and objectively analyzed, just like C Ronaldo recently. Real Madrid can't judge it. Relying on outstanding players to achieve results, using the influence to obtain sponsorship funding, and ultimately form a virtuous circle.

SMG E-sports Club have maintained a relatively high level of competition throughout the year, and PUBG's overall score is also ranked second among all e-sports clubs in China. At the same time, they have done some business activities with scale and influence to increase the company's income. At present, there are many clubs in China and the market is fiercely competitive. Under the premise of ensuring good results, reduce the operating costs of the club, find more profit models, and improve the ability to compete and survive is what they need to do.

### **5.1.2 Event Crisis at SMG Esports Club**

The ever-changing environment and information bring potential opportunities and risks to the enterprise. Only by having the ability to identify dangers can the company develop. In the process of enterprise development, systematically analyze the external factors and internal factors of the enterprise, evaluate the advantages and disadvantages of the enterprise, find the key factors affecting the enterprise, and find a direction suitable for the development of the enterprise.

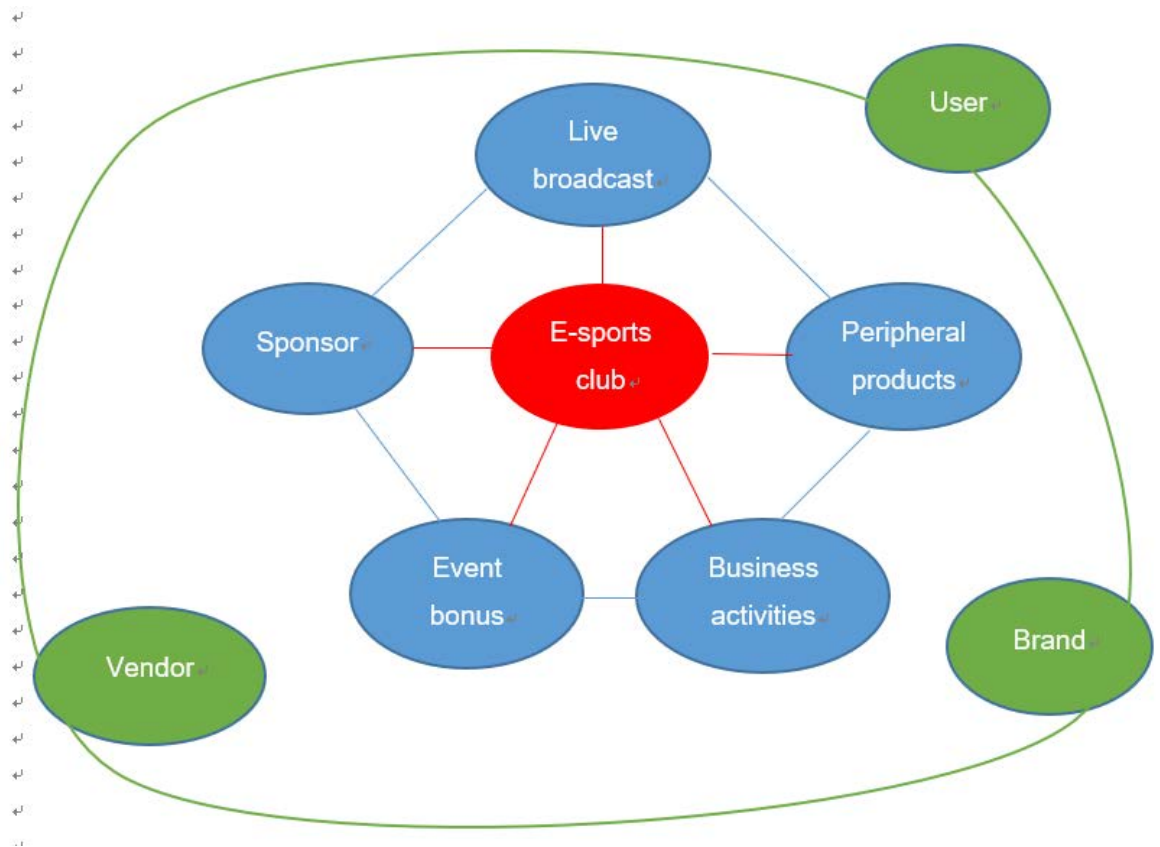
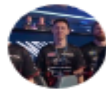


Figure 7. E-sports club operating model (Yiguan 2018.)

In the Allenge competition on August 26, 2019, SMG team performed well and won the first successful entry into the weekly finals. Some of them expressed congratulations and sent out the video of the game. They joked about 17shou getting up to move his muscles and bones in the game, saying that it was a small skill in the game. Unexpectedly, it became more and more fierce. Some other people expanded their goal and thought it was a violation of the game. Because in the Jedi survival competition, when each team is alive, its light will stay on. Otherwise, if it is eliminated, it will go out. Whether the light goes out or not can predict the number of survivors on the field, especially in the finals, is particularly important.

After this incident, it caused a lot of dissatisfaction from the outside world. They thought that it violated the fairness of the game, which can be regarded as cheating, requiring deduction of points, etc. the manager of faze team also voiced dissatisfaction with this incident, saying that he was untruthful and wrong about this kind of behavior. First of all, we can see that SMG members want to have a good performance. After all, they just changed their boss and want to have a performance, but it has seriously affected the

brand of SMG, and the loss is not a little. Secondly, the competition system is not clear and can not count lights, and the competition system is not perfect.



**FaZe\_iuKeEe** V 🏆

今天 08:13 来自 微博 weibo.com

Unfortunately, I had to blacklist someone today. I tried to help him understand, but he's blindly passionate about one team, which I get, but I just can't have a conversation with someone who is unwilling to listen or understand from an outside perspective. It's like trying to have an argument with a hungry girlfriend - it doesn't work.

Let me make this clear. IF a 4AM player stood up today, I would have commented the same opinion. IF a FAZE player stood up today, I would have commented the same opinion. I did not know who this player stood up and looked at until after I had made my tweets, but what was clear, was clear, which he was looking elsewhere than his monitor for additional information that was out of the game to then communicate back to his team.

In conclusion, just because this rule may not specifically exist in the rulebook - it will be covered by "competitive integrity" so again, in my opinion, despite whatever your intentions may be, it's wrong to stand up during a game. I understand that in Chinese culture you have a lack of important figures speaking up surrounding these topics which may be due to public opinion is sensitive and easily persuasive therefore fans can get upset. I hope you understand that I shared my opinion based on experience and from my perspective. I'll continue to comment on controversial decision making despite the potential uproar I might receive as I'm a strong believer in that everyone is allowed to have a reasonable voice. If you don't like it, you don't need to pay attention to me.

Figure 8. Weibo screenshots (FaZe's Sina Weibo articles 2019.)

### 5.1.3 Advantages and disadvantages of SMG e-sports clubs

Through the above analysis, we have drawn a summary of the strengths and weaknesses within the SMG E-sports Club.

Strengths :

- (1) SMG brand effect of e-sports club in the e-sports industry
- (2) Have a game advantage and star players

- (3) Have a good reputation in the e-Sports industry
- (4) There are a lot of fans, and the corresponding market is also very big.

Weaknesses :

- (1) There are fewer competition project, which means fewer way to gain reputation.
- (2) Market development capabilities need to be improved
- (3) E-sports practitioners are not well managed
- (4) Lack of government support
- (5) The pressure of public opinion caused by society is great

According to the above evaluation and analysis, from the SMG E-sports Club itself, its disadvantage is more than its advantage. However, as the external environment changes, the extent to which the disadvantage affects club development and survival is accelerating. The advantages have will soon disappear, indicating that the company itself has many problems in the direction of development and needs to change.

## **5.2 Development of SMG e-sports club**

Enterprise development refers to the adaptation of enterprises to the future unknown environment, enabling enterprises to further operate and achieve corporate goals. Enterprises rely on accurate long-term market foresight, customer benefits, talent strategy, innovation, detail and self-improvement to become better and better.

### **5.2.1 Internal factors and External factors**

#### **Internal factors**

As the rising star of China's e-sports professional club industry, SMG E-sports Club should always pay attention to the positioning of corporate strategy, seize the opportunities, and gain competitive advantage through innovation and establishing new business scope.

The professional players and managers of the SMG E-sports Club are very young, concentrated in the age of 16-22. Due to premature entry into the society, participation in club operations, training and competition, the cultural education of managers and professional



players is limited, and the overall quality is not high, which has great hidden dangers for the development of the club. Because the club needs to rely on the results of the game to get higher attention and sponsor investment, in the face of 17shou this outstanding star player, the club management will be extraordinarily focused on this type of star player, coach leader. The status is not as high as that of the contestants.

In the game, 17shou's outstanding star players will have their own unique opinions, will not follow the coach's tactical arrangements, temporarily change the pre-match plan, cause the game to fail, and then lead to the extreme performance of the negative game of mates and his opinions.

The lack of professionalism has made some professional players face the temptation of money and participate in commercial activities without the authorization of the club. The unsound management system of the club cannot effectively restrict this behavior. This is a key factor in the recent SMG E-sports Club's successive defeats in the game and the inability to achieve good results. This is also a problem for the SMG E-sports Club. 17shou is not only a star player, but also a boss, but also a coach, but he is only 18 years old, and later hired a Korean coach, which makes the club's operating load lower. But this is not enough. To establish a good relationship between management and players, they still need to do a lot of trials.

SMG E-sports Club have internal management chaos and unsound operating mechanisms. Since the investment of SMG E-sports Club is mostly sponsors, the club members are going to participate in commercial activities, lack of adequate training, and the constant mobilization and departure of club members, and have not been able to establish a first-class e-sports club. Lack of effective supervision mechanism, coaches and members lack strict rules and regulations and effective means. Often managers' personal preferences will affect the operation of the club, and lack of professional management talents. It is also an important reason that affects the operation of SMG E-sports Club.

Most of the clubs are people in the e-sports circle who manage the clubs, but lack the professional talents who are good at managing and understanding the e-sports. This makes the internal management of the e-sports clubs not scientific and standardized, and the operation is not reasonable. E-sports clubs that eventually led to the loss of losses abound. In the SMG E-sports Club, they mainly choose through the selection of the passers-by or amateur competitions, and then through the performance of the youth training, decide they to stay or no, which is the selection system with high elimination rate, which reflects

the realization of electricity. This also reflects the hardships of becoming an e-sports professional player, a series of social problems such as low admission rate, salary, and retirement issues etc.

### **External factors**

F-sports lacks government guidance and support. Although China incorporated e-sports into formal sports in 2003, similar to Go, billiards, etc., people still don't understand it, which leads to the low status of e-sports in society and is generally not accepted. Therefore, investment in e-sports projects has been very limited over the years. Compared with other traditional sports, the official e-sports organization has very few activities and the effect is not good.

The activities of government organizations have not had much impact. At present, the most influential electric competition mode in China is the competition organized by game development companies and agents. The reason why Korean e-sports lead the world is the strong support of the government. The Korean government can introduce many laws and policies for the e-sports industry. The subordinate government departments are responsible for promoting popularization, television broadcasting, etc. Sponsors do not participate in the management of the alliance, but only vote on major decisions of the industry.

China's e-sports club alliance is just an organization formed by the club itself. Whether an industry can develop in the long run is inseparable from the government's attention and support. China's professional e-sports clubs are subject to multi-faceted supervision, which also leads to chaotic management of professional e-sports clubs. Many regulators have failed to develop clear management methods. Later, they could only rely on alliances formed by spontaneous clubs to formulate and implement management methods, so the punishment for club violations was also questioned.

The society lacks a correct understanding of e-sports. In the domestic public, "e-sports" is usually understood as "video games." Even some people in the sports world do not realize that e-sports is a kind of sports, lacking positive reports from the mainstream media. We can see that the news about e-sports is that some people die while playing games, not the sports spirit of e-sports. Therefore, in China, the social status of e-sports professional players is generally low.

### 5.2.2 SWOT analysis

<p>Strength:</p> <p>E-sports+music</p> <p>First-class e-sports technology</p> <p>More fans</p>	<p>Weakness:</p> <p>The quality of the players is not high</p> <p>Few events</p> <p>The club system is not perfect</p>
<p>Opportunity:</p> <p>Diversification of business models</p> <p>Participate in international competitions</p>	<p>Threat:</p> <p>Policy unclear</p>

Table 1. SWOT analysis of SMG E-sports Club

## 6 E-sports industry in Finland

Finland's game industry (especially the mobile game industry) has experienced a high-speed development period from 2010 to 2015, and has been challenged by the homogenization of global game industry content, the high cost of customer acquisition, and the weak head effect of channel control. Currently, there is a slowdown in income growth and is experiencing a global industrial cycle adjustment. In order to meet the challenges of the industry, Finnish game companies are actively changing. Through the development of new business models and exploration of new game platforms, they are looking for new revenue growth points, and there are many new trends in the industry. The following five new trends are expected to become the next high-speed growth engine. (Kaipule 2017.)

### **New blue ocean of game industry -- mobile e-Competition**

In recent years, mobile e-Competition has become a hot trend in the global game industry. Because it can repeatedly expose game brands, effectively improve user stickiness and create new revenue sources, it is becoming a potential blue ocean.

### **Combination of video and game**

As the most popular form of entertainment, the combination of film and game has a long history. With the global mobile game revenue surpassing the box office revenue, Finnish game companies and Hollywood film and television companies also cooperate frequently in this field. At the same time, the domestic "integration of film and video and Games" has become a hot trend in the game industry. The high-level game development and mature global IP operation of Finnish game companies deserve the attention of domestic investors. (Kaipule 2017.)



Figure 9. Next games--Walking Dead: no one's place. (Kaipule 2017.)



Figure 10. Rovio: Angry Birds movie. (Kaipule 2017.)

### **Rapid development of emerging platform games**

VR / AR game: VR / AR is the most popular hardware platform for the next generation of games. Although the market is not mature due to the current hardware technology and user popularity, several Finnish companies have focused on the development of main-frame VR platforms (such as Oculus Rift, HTC Vive, etc.) and many companies have developed light leisure VR games for mobile VR platforms (such as Google Daydream and Cardboard, Samsung Gear VR, etc.). However, in the field of AR games, there are no companies involved at present. (Kaipule 2017.)

### **"Gamification" provides a new way of realization**

Gamification refers to the method of integrating game thinking and game mechanism in non-game environment to guide user interaction and use. Gamification can increase audience participation, experience and stickiness, and ultimately increase sales revenue. At the level of business model, due to the fierce competition in the game industry, Gamification also provides the B2B realization mode in addition to the traditional B2C mode in the game industry. (Kaipule 2017.)

### **Independent game to PC / host**

Independent game refers to the game without external investment, which can bear the cost of development alone. Therefore, independent game developers have strong autonomy and can often launch innovative works with strong style and novel pictures. Due to the sharp impact on the profitability of "free download + paid in purchase / advertising" mode in the current mobile game market, many independent game developers began to turn to the PC / host platform dominated by Steam, and achieved success in the mode of paid download. (Kaipule 2017.)

## **Key factors for the development of Finnish game industry**

**Highly international vision** -- Finnish game companies have been looking at the world from the very beginning. Finnish game companies attach great importance to the development trend of the international game industry, and attach importance to the attraction to global players from the design and research and development level. In 2016, about 20% of Finnish game companies' employees were non Finnish, far higher than other high-tech industries. (Kaipule 2017.)

**Strong government support** -- Tekes, the Finnish government's entrepreneurship support institution, has invested a lot of funds in Finnish game companies since 1995, with a total investment of more than 100 million euros, providing subsidies and low interest loans for the company's product development stage and internationalization stage, as well as investment funds for private investment. In Finland, such government funding does not require corporate equity in return. Well known Finnish game companies, including Supercell, Rovio, Next games and Seriously, have received funding from the government. (Kaipule 2017.)

**High level game education** -- Thanks to high quality education, Finland has more than 8% of the population engaged in ICT related work, ranking first in the world. In addition, the University of Finland has provided more than 30 game related learning projects and vigorously promoted the new "interdisciplinary" education, which has promoted the cross interaction of science, engineering, design and business disciplines, and cultivated a large number of high-quality game talents for the market. Therefore, Finnish games not only have strict code and high program reliability, but also have distinctive artistic style, rich creativity and excellent user experience. From Rovio in his early years to new game companies such as Muro studios in recent years, his founding team has worked together in school game projects. (Kaipule 2017.)

**Close industrial ties** -- Finland's game industry is well-known for its close ties. Due to the lack of domestic competition, frequent personnel flow and the characteristics of the game creative industry, Finnish game practitioners often share experiences and resources, and successful companies are often willing to provide large support for newly established companies. Its well-known industrial organizations, Neogames (Finnish Game Industry Association) and IDGA Finland (Finnish international game developer Association), are among the most active game industry organizations in the world, and have political influence in Finland and the European Union. (Kaipule 2017.)

## **6.1 Business model of ENCE esports club**

ENCE is Finland's leading e-sports organisation, which stands for Enceladus, the giant of Greek mythology, and whose motto is "no limit to what you can do". This is what ENCE has always craved: to be a role model in e-sports. Originally established on April 13, 2013, the event features: Global Strike, Starcraft II, Hearthstone and Jedi survival. ENCE e-sports club revenue mainly includes prize money, sponsorship, peripheral revenue and commercial activities. The fan culture of the ENCE e-sports club is so well run that its slogan, "4EZ ENCE", is catchy and memorable, and has Allu, an all-star e-sports shooter, whose games are more watched. ENCE e-sports club has its own official website and official accounts, including FACEBOOK, INSTAGRAM, TWITTER and YOUTUBE, which will strengthen its business operation, enhance its international reputation and help expand overseas markets. As the result of their club team is getting better and better, more sponsors choose them to improve their brand awareness and open the e-sports market through the sponsorship of e-sports team. Owing to the main sponsors e-sports club have TELIA, VEIKKAUS, ASUS, ROG, sponsors have WOLT, SAMSUNG, RED BULL, LOGITECH, NOBLECHAI, BITFACTOR, JIMM 'S.

The surrounding revenue of ENCE e-sports club is in good condition and owns its own brand, including wallet, schoolbag, badge, sticker, clothing, Gamer PC and mouse pad. The main revenue of ENCE e-sports clubs is the prize money, sponsors, stores, video broadcasting, commercial activities, peripheral products. They have professional people to run the club, with clear management. The main expenses of the club include the salaries of the staff (management, coaches and athletes), the basic rent for training and competition, and the club's daily expenses. (ENCE website 2019.)

### **6.1.1 Current situation and problems**

It was a moving story in the early days of the club. Allu, a star player of Finnish e-sports, has moved from one famous e-sports club to another with a lot of hopes. In March 2018, Finnish club ENCE announced its return to CS:GO, signing Allu as the nucleus of an all-Finnish squad. After a few months, Allu decided to choose 16-year-old Finnish genius Sergej, team leader Aleksib, auxiliary hand Xseven and breakthrough combat to form the new ENCE. No one would have thought at the time that such a lacklustre squad would make waves in the future. However, it is such a seemingly ordinary team that gradually improves its tactical system and individual ability under the leadership of Allu. In the 6th

season finals of SL-I League in October 2018, ENCE showed his sharp edge and defeated Mouz and BIG successively. He defeated Vega 3-2 in the final with the excellent performance of Sergej (103-77, 1.28 rating). He won the first championship after the establishment of the team and announced the return of Finnish ice skates to the whole CS:GO professional circle. No one could have underestimated ENCE, but the energy of the Finnish team was unexpected. For the underwhelming Allu and his ENCE, from obscurity to major finals, the saga is a Finnish fairy tale. For Allu, the race was both a pity and a surprise. For ENCE and CS Finland, a major runner-up was enough to get them into the first team and see the future. Allu is still the undisputed first man in Finland, and his support for the younger generation, like Ronaldinho for Ressi or Zinedine Zidane for Cristiano Ronaldo in traditional sports, is always moving.

On April 14, 2019, PUBG Corporation announced on twitter the Elo numerical ranking points of its "PUBG" global team. The first "PUBG" world series champion team OMG (China) ranked the fifth, 17GAMING(now SMG) ranked the fourth, and the first place was taken by the Finnish team ENCE.

In ENCE E-sports club, many E-sports clubs have not yet owned the operation mode. It has its own business model, club culture and reputation. Its high-level competitive competition brings high ornamental value, and it has better profit and publicity through competition broadcasting. At present, there are not many E-sports clubs in Finland that can be compared with ENCE. Ence should maintain a good position and status quo, constantly break through itself and become a real Finnish fairy tale. (ENCE website 2019.)

### **6.1.2 Analysis of the current situation and problems of ENCE E-sports Club**

The development of professional e-sports clubs can be divided into four stages, including amateur teams, semi-professional teams, professional teams, professional clubs.

With the rise of Internet cafes and LAN battle games, some Internet cafes and milk tea shops in order to attract customers will organize a few small amateur competition, some players out of interest in the amount of love to participate in the free team, this is the amateur team.

With the increase of the game, the stable team members, the emergence of fixed practice and participation time, some team performance is excellent, began to win the game bonus for the purpose, this is a semi-professional team.



All the management behaviors of the professional team are completed by the players themselves. However, when some players begin to transform into the managers of the team with the increase of age and the decline of achievements, with the investment of sponsors and the organizational management of the team, this is the professional e-sports club.

The prize money is usually a boost to players' earnings, and clubs don't take too much of it, which can lead players to take their brief careers more seriously. The investment of sponsors is not a small economic source of e-sports clubs. According to the secondary data, we know that sponsors pay more attention to the management level of clubs while valuing their achievements. They believe that clubs have good management mechanism and their achievements are not too bad. A few years ago sponsor awareness of e-sports was not high, but now some active device brand is a good proof. Peripherals manufacturers sponsor e-sports, and they invite players to participate in the design of the product, and offer Suggestions on the improvement of the product from a professional perspective. At the same time, the products used by star players are also the target of fans.

The management of many e-sports clubs is also faced with many problems, such as the lack of professional ability and knowledge of some management personnel, they are basically professional players retired transition, often lack of professional skills in club management. At the same time, the age of professional players is generally lower and the management system is higher. In addition, communication problems may occur among teammates, which is also a common problem of young players and also a difficult point in the daily management of the club.

Clubs should try to adopt more commercial means to operate, only in this way can more people pay attention to e-sports. The second is to seek more benefits for the players, improve the treatment of the problem. As players, they should improve their personal strength, carry out more scientific training, deepen their understanding of the game, dare to innovate, and finally adjust their sleep schedule. They want a more scientific approach to training, a more regular lifestyle, better tacticians, and more communication with the players.

## **6.2 Development of ENCE e-sports club**

In recent years, the commercial value of E-sports club has also been concerned by all walks of life. More and more advertisers are frantically competing for this young group with rich profit opportunities. The club also seizes the bonus, packages the team players

as "stars", and brands the club. On the one hand, excellent clubs have the glory of achievements, on the other hand, the players have a high popularity, and their fans' benefits are what the sponsors like. So in the past two years, the e-sports club has received a lot of business sponsorship and activities, from the computer peripheral, to men's supplies, shopping malls, cars and so on, with a wider business scope.

The future of the club: "E-sports +" ambition is emerging, with unlimited space.

With more and more refined and specialized E-sports clubs, does the club have a broader development space? When the Internet reached its peak, the Internet giant began to paint the blueprint of "Internet +". Today, Internet + has turned many ideas into reality. So in the best era of e-sports, E-sports giants also began to provide better ideas.

### **6.2.1 Impact of internal and external factors on development**

#### **Internal factors**

As the first show of Finnish E-sports professional club industry, ENCE E-sports club should always pay attention to the strategic positioning of enterprises, seize the opportunity, establish new business scope through innovation, and obtain competitive advantage.

The professional players and management of ENCE E-sports club are very mature, focusing on the age of 16-35. Participating in the operation, training and competition of the club, managers and professional players have high cultural education and overall quality, which is of great help to the development of the club. Because the club needs to rely on performance to get higher attention and sponsor investment, in the face of the excellent star player, the club management will pay great attention to this type of star player. In the game, the excellent star players of Allu will have their own unique opinions, will not listen to the coach's tactical arrangement, temporarily change the pre-game plan, leading to the victory or failure of the game, which leads to the poor performance of teammates in the game. The lack of professionalism makes some professional players face the temptation of money to participate in business activities without authorization of the club. The club's imperfect management system can't effectively restrict this kind of behavior. This is the key factor that the energy E-sports club has lost in the competition and failed to achieve good results. In order to build a good relationship between management and players, they still need to do a lot of trying.

The internal management of ENCE E-sports club is clear and the operation mechanism is sound. Because the income of energy E-sports club is a large number of sponsors, club members often participate in business activities, lack of enough training, which is not conducive to the long-term development of the club. Lack of effective supervision mechanism, coaches and players lack of strict rules and regulations. Most of the clubs are the people of E-sports circle. They manage the clubs, but they lack the professionals who are good at managing and understanding E-sports. This makes the internal management of E-sports Club unscientific, nonstandard and unreasonable. E-sports clubs that eventually lead to losses are everywhere. In the end E-sports club, they mainly choose talented Finns, which is a selection system with a low selection rate.

### **External factors**

It is very important for the prosperity of an industry to achieve sustainable development. To a large extent, game developers decide the prosperity of E-sports projects. First of all, these games are to be played on computers, which are the main entertainment tools of many post-80s and post-90s generations, and also the main audience of the current live E-sports. But these people are likely to become less involved as they grow older. There is no fresh blood, which is the main problem of the development of E-sports. However, the games on mobile phones are not satisfactory in operability and viewing, and are not suitable for becoming a real e-Competition project. At present, E-sports projects generally refer to games such as LOL, DOTA2 and CS:GO. Many people used to dream of making money while playing games, but the reality is cruel. In fact, it's hard to make money in this industry. There's no stable profit model. At present, almost all E-sports clubs are losing money. The owners are mainly the rich second generation who are not poor in money.

Due to the clear industry positioning, unified rules and regulations, and relevant national policies, the whole industry gives a very prosperous image. The country, society and individuals all accept and are optimistic about the prospect of the game industry, which is a sunrise industry. With the development of Internet, it is a trend that E-sports will become a fixed item in sports competition. Finland's e-sports industry has a long history of development, and has formed a perfect e-sports industry chain. The content production links mainly include E-sports clubs, players, anchors, operators of E-sports events and program producers, as well as the content broadcast links composed of TV, online live broadcast and relay platforms, all have long-term and sustainable development.

### 6.2.2 SWOT analysis

Strength:  Starts player  Stable capital chain  ENCE e-sports club culture	Weakness:    Few competitive events
Opportunity:  Policy clear  Large market capacity  Business model diversification	Threat:    Vicious competition

Table 2. SWOT analysis of ENCE E-sports Club

## **7 Conclusion**

### **7.1 China e-sports environment**

The government has raised the importance of E-sports and made clear the supervision of professional E-sports clubs, which is conducive to the formulation of relevant policies and regulations of e-sports, improves the correct understanding of E-sports in the society and standardizes the behavior of professional E-sports clubs. At present, China's E-sports League is spontaneous, lack of government recognition and supervision, and established the legal status of professional E-sports Club Alliance, which is conducive to the healthy growth of professional E-sports clubs. By improving the quality and quantity of brand events, enhancing the influence of E-sports in the society, improving the public's awareness of this new sport, and allowing more people to participate in it, a series of systems have been established.

### **7.2 SMG e-sports club development strategy**

SMG E-sports club is transformed from amateur team. The soul of SMG is founded by player 17shou, and then acquired by Asian singer Lin Junjie. It is different from other E-sports clubs. Other E-sports clubs are not only founded by big owners, but also because the former E-sports players retired and became the management of E-sports clubs. At that time, the operating capital and income of the non acquired SMG E-sports club were all in the charge of the star E-sports player 17shou, which would affect the performance of the club. Fortunately, the results are good, which is also favored by the sponsors, resulting in investment intention. With a certain number of fans, the current SMG E-sports club has reached a stable chain operation scale. What SMG E-sports club lacks now is a perfect system and achievements.

In China, if an E-sports club wants to succeed, it must show its best achievements to prove itself. For the management personnel, we should establish and perfect the management system, improve the comprehensive quality of the management personnel, not only improve the cultural quality, but also improve the management and management professionalism, and cultivate their own management talents. For the players, provide more opportunities and guarantee, let the talented players shine in this short career. At present, the choice of members of China professional E-sports club is mainly through the training of passers-by and teenagers. This is not a scientific talent selection system. Relying on

professional E-sports alliance, establish a scientific and standardized talent selection system. For example, NBA draft and Korea E-sports draft are sponsored by professional club league, and China E-sports should follow these successful cases.

### **7.3 Finland e-sports environment**

Finland's game industry chain is mainly a development link, which is the pillar and core of the whole industry chain. It has deep underlying technical support, mainly including image processing, hardware and operating system. The key factors for the rapid development of Finnish e-sports industry cannot be separated from a highly international vision, strong government support, high-level game education and close industrial ties. In many countries, E-sports and sports are completely separated. For example, sports players have many privileges, while E-sports players need to perform many obligations with ordinary citizens, which is quite helpless.

However, for the Finnish E-sports players, there is a good news that they can delay or postpone their military service as sports players, so that they can meet all kinds of events in a good state. In order to facilitate the full play of E-sports players, the Finnish military has set up E-sports schools to enable them to play games during their service. Finland's e-sports industry chain is quite perfect. Through the selection of talented talents at the grassroots level, they are sent to youth training for training, and the talents with good performance are sent to E-sports clubs. After the competitions at all levels, the brand of the club is promoted, the user base is expanded, more sponsors are attracted, the prize money of the competition is rising, and the love of grassroots people is triggered.

### **7.4 ENCE e-sports club development strategy**

ENCE E-sports club is transformed from professional team, and the soul of ENCE is player Allu. Now, ENCE E-sports club has reached a stable chain operation scale, with perfect system and good achievements. In Finland and abroad, it has a certain popularity, which also means there is a large market behind it. The club gets along well with each other and has a strong fan base, so it is favored by sponsors and has investment intention.

The team should establish and improve the management system, and constantly improve the technology and competition rules. To improve the comprehensive quality of managers, we should not only improve the cultural quality, but also improve the professionalism of management and management. Improve publicity, expand the number of basic custom-

ers, and provide the greatest convenience for shopping and use. A new type of relationship that achieves common interests through communication. Provide more opportunities and logistical support to the players, so that talented players shine in this short career. Strengthen team building, team-mates communicate with each other, and create their own live brand. Innovate mechanism, standardize management and improve people's correct cognition of E-sports.

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