

Alibaba betting on long-term gain from eSports investment

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"We are prepared to lose money. We can accept the losses now as we hope to promote this sport," Alisports CEO Zhang Dazhong told AFP in an interview at the European final of the second edition of Alisports' World Electronic Sports Games in Barcelona

The booming eSports industry may not yet attract the sponsors and television rights of real life sports, but Chinese e-commerce conglomerate Alibaba believes it is only a matter of time before its bet

on competitive video gaming comes up big.

Alibaba's sports arm Alisports was opened in 2015 with the aim of cashing in on the rapidly growing world of electronic sports, where players square off in lucrative video [game](#) tournaments that draw millions of viewers online.

"We are prepared to lose money. We can accept the losses now as we hope to promote this sport," Alisports CEO Zhang Dazhong told AFP in an interview at the European final of the second edition of Alisports' World Electronic Sports Games (WESG) in Barcelona, which wrapped up on Sunday.

"For a sport that has a lot of participation, it must have a bright future. Even if for now you don't make a lot of money, in the future, you'll definitely be rewarded. This is something we firmly believe in."

In 2016, Alisports entered into an agreement with the International e-Sports Federation (IeSF) to create the WESG, a market-leading international tournament.

The first edition of the WESG saw 63,000 participants from 125 countries battle for a share of the \$5.5 million prize pot.

Yet the results weren't so lucrative for Alisports, who lost 70 percent of their investment.

"We estimate that we will be losing money for the next five years," admitted Zhang.

Long-term returns

Alisports' strategy, though, is a long-term one.

"We estimate that in five to ten years...the business model will be more complete. On top of the competitions, we have to bear in mind the electronics business and marketing related to eSports," added Zhang.

Participation in eSports has soared as virtual games gain traction with a worldwide fan audience now estimated at 400 million people according to a study by Deloitte, more than that for baseball or American football's National Football League.

The size of the eSports market will more than double to \$696 million this year from \$325 million in 2015, according to Deloitte's study. It predicts the market will be worth \$1.5 billion in 2020.

But the market is fragmented, with different operators staging their own tournaments, and sales of television rights and merchandising remain weak.

An eSport fan brings only three euros to the table annually on average, according to a recent study by market research group Nielsen Sports, compared to 30 euros for a football fan.

Yet, Alibaba believes its position as the market leader in China, the worldwide powerhouse of eSports, ensures the return on eSports will be plentiful.

"In China we have 1.8 million eSport fanatics and 65 percent of those are between 18 and 25," continued Zhang.

"They play video games, but they also buy all sorts of products from Alibaba. We understand them very well."

Olympic dream?

The leap in popularity has helped fuel talk that professional gaming could become an Olympic discipline, but not everyone is convinced.

"I think we have to differentiate eSports and gaming in general," Zhang said when he was asked about the controversy.

"Gaming of course isn't a sport, but eSports involve high-level confrontation, teams, individual resistance, so I think it's a sport. And I think that sport in general is evolving towards a combination of technology and physical activity."

Zhang said he hopes eSports will be part of the 2024 Olympics in Paris or the 2028 Olympics in Los Angeles.

"It could happen, because at this year's Asian Indoor and Martial Arts Games, we already gave a demonstration of games. In the Asian Games in Hangzhou in 2022, it's already an official event," he said.

The director of the Paris 2024 Olympics committee said earlier this month that the door to the Games was "not closed" to eSports.

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