



Department of Economics and Finance
Major in Management

**Beyond Gaming: How Twitch is Shaping Esports
and Community Dynamics**

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Abstract

This thesis delves into the complexities of the esports industry, focusing on the pivotal role of Twitch in shaping its current and future landscapes. Anchored by the hypothesis that Twitch significantly enhances community engagement and influences trends within esports, this research employs quantitative analyses, case studies and literature to explore these dynamics.

The first part of the thesis examines the historical development and impact of esports, setting the context for understanding Twitch's integration into this ecosystem.

The second part provides a detailed analysis of Twitch's business model, its competitive strategy against platforms like YouTube Gaming, and its role in fostering parasocial interactions, which are crucial for community engagement.

Ultimately, the final part projects the future of Twitch and esports, emphasizing advancements in user interaction, inclusivity, corporate social responsibility, and the integration of augmented and virtual reality technologies.

Overall, this thesis aims to provide comprehensive insights into how digital platforms like Twitch not only serve as mediums for streaming but also actively shape the interactive landscapes of digital entertainment.

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Introduction

In an era marked by rapid technological evolution, esports has emerged as a global cultural phenomenon, profoundly influencing sectors of media, entertainment, and social interaction. Central to this transformation is Twitch, which evolved from a simple video game streaming site to a pivotal hub of digital culture, particularly in the realm of esports. This thesis investigates Twitch's instrumental role in shaping the esports landscape, examining its innovative approaches to streaming, community engagement, and commercial strategies that have revolutionarily changed the domain of digital entertainment.

The analysis begins by tracing the history of esports, from its origins in underground gaming gatherings to its status as a multimillion-dollar industry. This narrative sets the stage for understanding Twitch's rise and its synergistic relationship with the esports boom. As esports gained popularity, Twitch became the premier platform for live-streaming events, attracting a vast global viewership.

Building on this historical framework, this study delves into Twitch's strategic business models and tactics that have enabled it to dominate the live-streaming sphere. This includes an examination of Twitch's dual revenue streams—advertising and subscriptions—that support the platform and its array of content creators. Additionally, the thesis explores Twitch's facilitation of parasocial interactions, where viewers develop feelings of personal connection to streamers in the absence of direct contact, enhancing user engagement and loyalty.

The analysis further evaluates Twitch's competitive strategies against rivals like YouTube Gaming and Facebook Gaming. Through exclusive partnerships, innovative content formats, and community-focused features, Twitch has maintained its leadership in the fiercely competitive live-streaming market.

The concluding chapters consider Twitch's potential future trajectories in the esports industry and how emerging technologies, such as augmented and virtual reality, could further enhance viewer experiences. The study also addresses Twitch's initiatives in corporate social responsibility and inclusivity, which respond to societal demands and significantly shape the platform's public perception and operational values.

This thesis aims to contribute to the academic discourse on esports by elucidating the operational complexities, strategic innovations, and cultural dynamics introduced by Twitch. By providing a deeper understanding of how Twitch has facilitated esports' integration into mainstream culture and its viability as a career path, this research underscores the necessity of comprehensively understanding esports in our digital progression. This is crucial not only for

the industry's expansion and sustainability but also for nurturing future generations of digital athletes. Through this exploration, the thesis seeks to aid stakeholders in navigating and influencing this rapidly evolving field.

CHAPTER I

Esports: Origins and Impacts

1. Defining the arena: Introduction to esports

The term esports (also known as competitive gaming, organized play, e-sport gaming or pro-gaming) is a blend of the words ‘electronic’ and ‘sports’ and refers to the sphere of competitive gaming where individuals and teams battle in popular games.¹ This digital competition arena, drawing parallels with traditional sports, engages millions globally through live events and online streaming.

Reviewing the literature makes it clear that a definitive definition of esports has yet to be established. However, various interpretations exist to capture its essence within the academic discourse. For many, esports primarily serve as a source of entertainment, similar to traditional sports such as football. It involves organized, competitive video gaming where teams battle to win major competition, attracting spectators who enjoy watching these digital contests for an enjoyment and excitement.² Hamari characterizes esports as a sport type where digital systems enable the core activities, with player interactions and game outcomes processed through human-computer interfaces.³ Esports is defined by Yong as “a computer game played in professional competition, especially when it is watched by fans and broadcast on the internet or television”.⁴ Wagner, on the other hand, highlights the competitive nature of esports: “eSports is an area of sport activities in which people develop and train mental or physical abilities in the use of information and communication technologies”.⁵ The distinction between Yong and Wagner's esports definitions arises from Yong's broader approach, incorporating elements like gameplay, participants, interpretation, and audience engagement. In contrast, Wagner's definition might be seen as more restricted, focusing less on esports' broader physical and electronic intricacies and not fully addressing how esports differs from traditional sports. Scholz (2019) suggests that esports' diverse definitions reflect its complex nature as a competitive

¹ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54.
<https://doi.org/10.17265/1537-1506/2020.02.001>

² Pissarev, D. (2023). *Phenomenon of eSports*. Retrieved from:

https://www.theseus.fi/bitstream/handle/10024/796652/Pissarev_Deniss.pdf?sequence=2&isAllowed=y

³ Hamari, J. & Sjöblom, M. (2017). What is eSports and why do people watch it? *Internet Research*, 27(2).
<https://doi.org/10.1108/IntR-04-2016-0085>

⁴ JIN, D.Y. (2010). *eSports and Television Business in the Digital Economy*.
<https://doi.org/10.7551/mitpress/9780262014762.003.0004>

⁵ Wagner, M. G. (2006). On the Scientific Relevance of eSport. Proceedings of 2006 International Conference on Internet Computing and Computer Game Development: 437- 440

gaming industry involving various stakeholders, indicating the term's broad applicability within the digital gaming context.⁶

Defining esports presents a challenge due to its unique nature, incorporating elements of technology, sport, and business across multiple platforms together. Unlike casual gaming for entertainment, esports is recognized for its structured competitive landscape, facilitated through digital devices like consoles, computer or mobile phones.⁷ Not all videogames can be considered electronic sports, as they must meet specific conditions:⁸

- The game makes possible a direct competition between two or more participants.
- Players compete on an even playing field, with victory determined by the skill and dexterity of the competitors.
- There are leagues, tournaments, and official competitions with professional players and teams that participate under formal rules.
- It is a popular competition with an ample group of players, and there is interest from traditional and alternative media in broadcasting the event.
- It involves physical.

In esports, players engage in various game types, each demanding distinct skills. Categories include Player versus Player (PvP) contests that focus on individual skills, First Person Shooter (FPS) games emphasizing teamwork in combat simulations, Real-time Strategy (RTS) games requiring strategic planning, and Multiplayer Online Battle Arenas (MOBA) which blend team cooperation with strategic gameplay. Esports organizations support players through logistical challenges, evolving into entities with comprehensive support staffs. Leading organizations like Team SoloMid, Team Liquid, and 100 Thieves have significantly contributed to the professional and commercial growth of esports.⁹

The rise of online gaming has revolutionized entertainment, creating a vibrant culture around competitive gaming and uniting players, teams, and fans worldwide. This shift has attracted the attention of major companies interested in hosting, sponsoring, and broadcasting these

⁶ SCHOLZ, T.M. (2020). Deciphering the World of eSports. *International Journal on Media Management*, 22(3), 1-12. <https://doi.org/10.1080/14241277.2020.1757808>

⁷ Baltezarević, R., Baltezarević, V., & Baltezarević, I. (2023). The Role of Digital Marketing in the Esports Industry. *Acta Ludologica*, 6(1).

⁸ Cacho-Elizondo, S., Lázaro Alvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

⁹ Petrullo L. 2019, The different genres of Esports explained. Retrieved from: <https://americanesports.net/blog/the-different-genres-of-esports-explained/>

competitive events. Statista’s 2023 report highlighted the significant financial impact of this sector, noting the substantial revenue from interactive entertainment and the notable growth of free-to-play¹⁰ games played on PC, console and mobile, marking esports as a significant and expanding market.¹¹

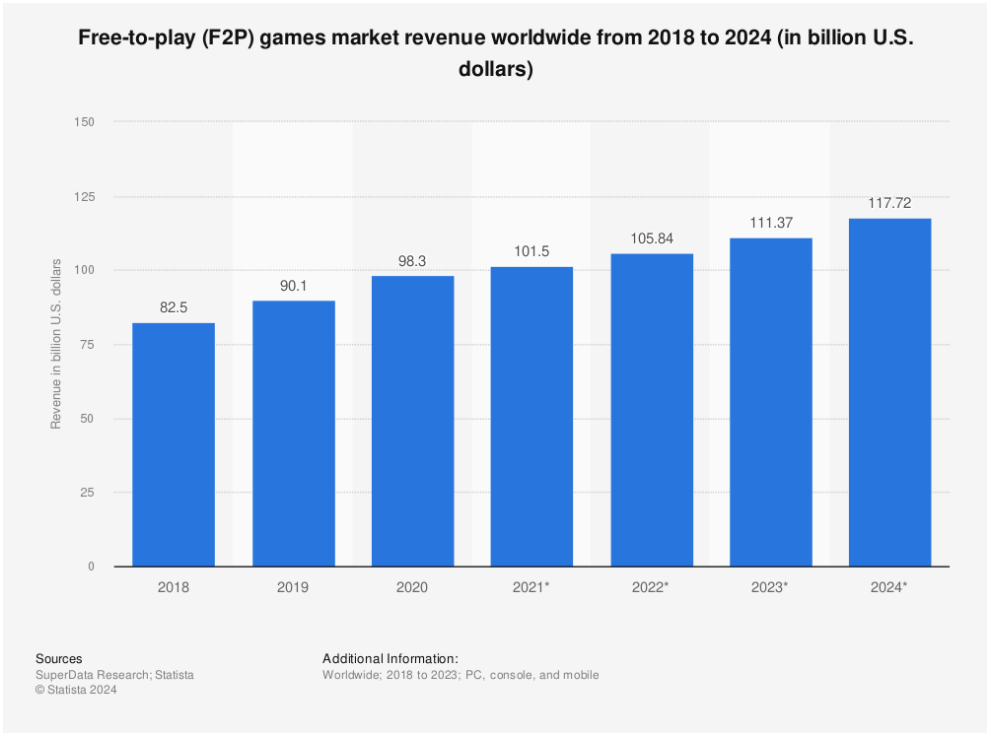


Table 1. Free-to-play (F2P) games market revenue worldwide from 2018 to 2024 (in billion U.S dollars). Source: Statista (2024)

Table 1 shows that in 2023, the free-to-play game market generated an estimated 111.37 billion U.S. dollars worldwide, and this figure is expected to increase to 117.7 billion U.S. dollars in 2024.¹²

In the evolving world of esports, competitions are structured around two primary formats: online and LAN¹³ events. Online events let players compete from anywhere using the internet, which is convenient and cheaper but can lead to fairness issues. LAN events, however, happen in one place where everyone plays together, often in big venues with audiences, making them

¹⁰ Free-to-play videogames are games that are free to install and play, but once the player enters the game, the player is able to purchase content such as items, emotes, maps, etc. <https://en.wikipedia.org/wiki/Free-to-play>
¹¹ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>
¹² Free-to-play (F2P) games market revenue worldwide from 2018 to 2024 (Statista 2024).
¹³ LAN stands for Local Area Network, referring to the fact that players participate by playing on the same local network.

fair but requiring travel. These LAN competitions are usually the biggest of the year, and sometimes they start online before moving to a big final event in person.¹⁴

This introduction to the arena of esports lays the groundwork for understanding the esports' intricate ecosystem, that will be analyzed later on, highlighting its influence on global culture and business.

2. Tracing the esports' rise

Esports became widely recognized with the advancements in technology that made gaming more accessible. The origins of competitive gaming trace back to 1958 with the videogame "Tennis for Two" by William Higinbotham, marking an early instance of gaming designed for competition (Scholz).¹⁵ During that period, while video game competitions and tournaments existed, no company had yet decided to tap into this emerging market. "Tennis for Two" was developed primarily for fun, yet its design inherently involved spectators by allowing them to watch matches between players, turning gameplay into a form of public entertainment. Although "Tennis for Two" and similar games possessed the characteristics of what could make a successful esports, the concept of a video game industry was not viable from a commercial standpoint at that time. The high cost of computers limited the market for video games purely for entertainment.¹⁶ Therefore, the rise of the esports industry predominantly occurred during the 1970s-1980s, a phase marked by the transition from single-player games, focused on personal score improvement, to the concept of competitive gaming. While the exact origins of esports are debated, Hiltcher¹⁷ and Scholz¹⁸ pinpoint its inception to a 1972 event in California featuring the game *Spacewar!*¹⁹. In 1972, Stanford University students competed in the "Intergalactic Spacewar! Olympics" for a Rolling Stone magazine subscription. This period saw video games gaining media attention, from newspaper features to television broadcast of players competing for high scores. In 1980, Atari held the Space Invaders Championship in

¹⁴ Pissarev, D. (2023). *Phenomenon of eSports*. Retrieved from:

https://www.theseus.fi/bitstream/handle/10024/796652/Pissarev_Deniss.pdf?sequence=2&isAllowed=y

¹⁵ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

¹⁶ VICENTINI, F., & BOCCARDELLI, P. (2020). La gestione strategica degli eSport: Modelli di business e traiettorie di sviluppo.

¹⁷ Julia Hiltcher (Vice Director of the Electronic Sports League (ESL), First woman to win title in World Cyber Games, Publisher of eSports Yearbook, Photographer and PhD Candidate Esports & Game Studies).

¹⁸ Tobias Scholz (esports researcher).

¹⁹ "Spacewar" is a game born in 1962 where two players use joysticks or buttons to control spaceships on a display, maneuvering them and firing torpedoes. When a spaceship and torpedo collide, they result in a visually appealing explosion.

New York City, drawing over 4,000 participants.²⁰ However, only 174 participants showed up since players had to pay for their own travel, leading to low turnout. Overall, the tournament suffered from poor organization, lacking specific rules and official referees.²¹ Nevertheless, it marked a foundational moment, demonstrating the potential for video games to foster competition among players, predating the era of online gaming facilitated by the internet.²² The late 90's saw the rise of online gaming and direct competition and marked a shift in competitive gaming, as tournament organizers were inspired to model esports events on traditional sports to make them more relatable and understandable to the public. In the 1990s, Nintendo held events like the Nintendo World Championship and PowerFest in North America, leading to national competitions. Concurrently, Blizzard Entertainment leveraged South Korea's PC Bangs to host *StarCraft* tournaments, fostering teams and online contests. The esports industry surged in 1997 with the founding of the Cyberathlete Professional League (CPL), and later the Electronic Sports League (ESL) became a leading global organizer. The World Cyber Games (WCG) initiation in 2000 by Samsung and the South Korean government further propelled esports, culminating in its recognition by China's sports administration in 2003.²³ In 2013, esports took a step towards being recognized as a legitimate sport in the U.S. when gamer Danny Le was granted a P-1A athlete visa.²⁴ This event prefaced the integration of traditional sports entities into esports, exemplified by the NBA's establishment of its *2K Esports League* and European football clubs' participation in the *eFootball.Pro League*. Discussions on including esports in the Olympics led to the International Olympic Committee and the Global Association of International Sports Federations forming a special esports group, underscoring its rising global stature and ongoing debates about its Olympic inclusion.²⁵

The esports industry has become highly profitable, benefitting not only players but also game developers and associated brands. Gamers can earn significant amounts quickly through prize

²⁰ Reports vary on the attendance at the event, with figures ranging from 10,000 to 4,000. The lower estimate, provided by a well-regarded source close to the event's date, is considered more reliable: "4,000 line up to join battle against electronic invader," reported by the New York Times on June 30, 1981. www.nytimes.com/1981/06/30/nyregion/4000-line-up-to-join-battle-against-electronic-invader.html.

²¹ VICENTINI, F., & BOCCARDELLI, P. (2020). La gestione strategica degli eSport: Modelli di business e traiettorie di sviluppo.

²² SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

²³ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

²⁴ Online game League of Legends star gets U.S. visa as pro athlete (Los Angeles Times, August 7, 2013). www.articles.latimes.com/2013/aug/07/business/la-fi-online-gamers-20130808.

²⁵ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

money from major tournaments, which is often shared among team members. Striking examples would be Epic Games' *Fortnite* 2023 FNCS Global Championship which offered a \$4m prize pool to spread among the participants, as well as Epic Games' *Fortnite* 2019 World Cup which promised a \$40m prize pool, alongside 3 million to the winner of the solos²⁶ and 1.5 million for each duo²⁷.^{28,29} Additionally, revenue is generated from ticket sales, merchandise, and the sale of broadcast and advertising rights. In 2022, the esports industry was worth \$1.45 billion USD, expected to rise to \$6.75 billion USD by 2030, growing at a 21.5% annual rate. North America, Asia and Russia hold the largest market share. This growth is fueled by increasing engagement from players, event organizers, and sponsors, making esports a viable career, especially for the youth. In addition, educational institutions are also introducing programs to nurture gaming talent.³⁰ Esports elevates video gaming to a structured competition with defined rules, rankings, teams, and significant prizes. It includes grand events with live audiences, broadcasts, and even dedicated training regimens for mental and physical fitness. This advent of digital platforms has transformed gaming from mere entertainment to a professional pursuit.³¹

3. The esports ecosystem explained

Esports relies on the collaboration of various stakeholders to thrive and sustain the industry. It involves around a complex system where each participant, from players to organizers, contributes crucially to its overall success and performance.³² The success of the esports industry hinges on the interconnected roles of its various stakeholders, such as game publishers, tournament organizers, teams, and audiences. This interdependency underlines the importance of understanding each participant's contribution within the ecosystem. Stakeholders, as defined

²⁶ Refers to "Solo Mode" in *Fortnite*: In Solo mode, each player competes individually against 99 other players. The goal is to be the last player standing. You drop onto the island alone, without any teammates, and must scavenge for weapons, materials, and other resources to survive and eliminate other players.

²⁷ Refers to "Duo mode" in *Fortnite*: In Duo mode, players team up with one partner to compete against other pairs of players. The goal is the same as in Solo mode: to be the last team standing. You and your partner drop onto the island together and work together to gather resources, strategize, and eliminate other teams.

²⁸ Fortnite Esports Wiki. (2019). *Fortnite World Cup 2019*. Retrieved from: https://fortnite-esports.fandom.com/wiki/Fortnite_World_Cup_2019#:~:text=The%20prize%20pool%20for%20this,1.5%20million%20for%20each%20duo.

²⁹ Shacknews. (2023). *Fortnite FNCS 2023 Drops Schedule*. <https://www.shacknews.com/article/137381/fortnite-fncs-2023-drops-schedule>

³⁰ Fortune Business Insights. *Esports Market Size, Share & Industry Analysis*. Retrieved from: <https://www.fortunebusinessinsights.com/esports-market-106820#:~:text=The%20esports%20market%20size%20was,share%20of%2030.34%25%20in%202022.>

³¹ Freeman G. , Donghee Y. W. . 2017. *ESports as An Emerging Research Context*. Retrieved from: <https://dl.acm.org/doi/pdf/10.1145/3027063.3053158>

³² HAYDAY, E., COLLISON-RANDALL, H., & KELLY, S. (2022). *Esports Insights*. Routledge.

by Freeman and Reed, are vital for an organization's existence. Analyzing both internal and external stakeholders offers a competitive edge. Freeman further clarifies stakeholders as any group impacting or impacted by an organization's goals, emphasizing the necessity of distinguishing between primary and secondary stakeholders to manage complexity effectively.³³ In the esports ecosystem, stakeholders are categorized into primary and secondary groups based on their impact and interaction within the industry. Primary stakeholders directly engage and are crucial within the esports value chain, encompassing entities like game developers and players, who rely on each other to some extent. Secondary stakeholders, while not directly involved, exert an indirect influence through investments, opinions, and regulations, affecting the direction and decisions of primary stakeholders.³⁴ This structure emphasizes the necessity for strategic response and prioritization by those within the core of the esports value network.

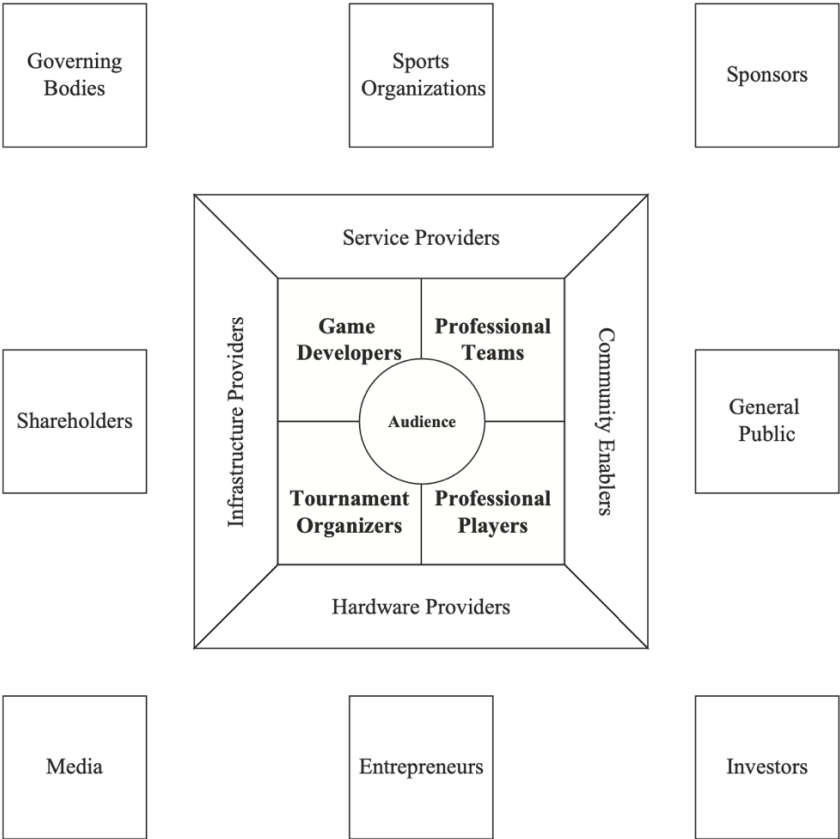


Figure 1 shows primary and secondary stakeholders in the esports industry (Scholz 2019)

³³ Freeman, R. Edward, and David L. Reed. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. *California Management Review*, 25(3), 88–106.

³⁴ Darnall, N., Henriques, I., & Sadorsky, P. (2010). Adopting Proactive Environmental Strategy: The Influence of Stakeholders and Firm Size. *Journal of Management Studies*, 47(6), 1072–1094.

Primary stakeholders are game developers, tournament organizers, professional teams, and professional players (see Figure 1). However, to create a product for the audience, several support activities are necessary.

The game developer plays a pivotal role in the esports ecosystem as the creator of the games that form the foundation of the esports experience. Not all games are suitable for esports; they must offer balanced competition and be engaging for spectators. Successful esports titles often receive regular updates to keep the content fresh and the gameplay exciting, like the bi-weekly updates for League of Legends.³⁵ Among the most important publishers are Riot Games, Activision, Blizzard, Epic Games, EA Sports, Ubisoft, Capcom, Valve, and Tencent. While Tencent holds a stake in Activision Blizzard, each developer controls their esports titles, impacting the entire esports ecosystem. Nonetheless, being skilled in game development doesn't inherently make one adept at organizing tournaments. For instance, Activision Blizzard acquired MLG to boost its esports content creation, and Riot initially collaborated with ESL for event organization before taking on these responsibilities independently. These developers are increasingly playing a central role in shaping the esports landscape, employing varied strategies to leverage their position, such as ignoring, laissez-faire, fate of the niche, regulating and overregulating. Figure 2 depicts the spectrum of regulating strategies for the game developer. Ignoring means choosing not to engage with esports focusing instead on single-player or casual gaming experiences. An example would be *World of Warcraft*. Laissez-faire can be understood as allowing the esports community to develop around their games organically, without direct intervention or support. For instance, *Counterstrike*. In addition, the fate of the niche stands for supporting niche esports communities that form around their games, providing minimal support to sustain interest without targeting mass esports appeal. A striking example would be *StarCraft 2*. Furthermore, regulating means actively shaping the esports scene by establishing formal leagues, setting competition rules, and directly supporting tournaments. The perfect example would be *League of Legends*. Lastly, overregulating stands for imposing strict control over all aspects of the esports ecosystem, from player behavior to how third-party tournaments are organized, which can stifle community growth and innovation. An example in this case would be *Overwatch*. In a highly competitive environment, the influential position of gatekeepers is lessening, requiring game developers to actively compete for their place within the esports sector.³⁶

³⁵ Riot. (2017). LoL Esports Events by the Numbers. [Online] Available at: https://www.lolesports.com/en_US/articles/2017-events-by-the-numbers.

³⁶ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

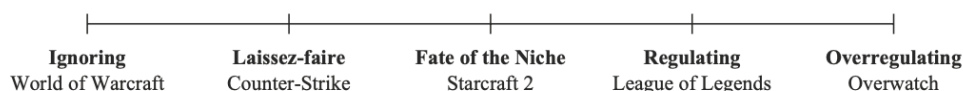


Figure 2. Spectrum of regulation strategies for the game developer. (Scholz 2019).

Modern tournaments often attract large audiences to arenas, reflecting the community's desire to engage with the gaming world, including watching favorite teams and connecting with fellow gamers. Tournament organizers have adapted their business models to cater to both physical attendees and online viewers, highlighting their crucial role in bridging game developers with their audiences.³⁷ This connection enhances the gaming experience, attracts professional teams, and positions organizers as essential figures in identifying future esports potentials, underscoring their unique skills and knowledge in the evolving esports landscape. Tournament organization varies by the involved party, such as publishers or developers. A notable example is the Electronic Sports League (ESL), which structures competitions across three tiers: Open Cups for weekly independent challenges with non-monetary prizes, ESL Major with broadcasted weekly online contests and potential cash awards, and ESL Pro offering professional leagues and tournaments with both online and in-person, broadcasted matches, including a league system and a classic tournament format for top competitors.³⁸

Moreover, professional esports teams are also vital for fostering a competitive environment at elite levels, mirroring traditional sports teams in their approach to recruiting top talent and providing supportive infrastructures like coaching and training facilities. Financially, they rely on sponsorship deals, prize earnings, and merchandise sales, while also offering players salaries, bonuses, and benefits like health insurance. These organizations focus on long-term growth and stability, balancing immediate competition demands with sustainable business practices, thereby ensuring their longevity and profitability in the esports ecosystem.³⁹

Finally, we have professional players, who are central to the esports industry but face intense competition to succeed. The professional player is central to the esports industry but faces intense competition to succeed. Breaking into the professional sphere is harder than in

³⁷ Sjöblom, M., & Hamari, J. (2017). Why Do People Watch Others Play Video Games? An Empirical Study on the Motivations of Twitch Users. *Computers in Human Behavior*, 75, 985–996.

³⁸ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54.

<https://doi.org/10.17265/1537-1506/2020.02.001>

³⁹ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

traditional sports due to the necessity of specializing in a particular game, often with a shorter career lifespan. Salaries vary widely, with top players earning significantly, but many rely on a mix of salary, prize money, and streaming revenue for income. The stress of competition and short-term contracts can lead to burnout, pushing some towards streaming for a more stable income. Organizations are increasingly supporting player well-being, recognizing their critical role in generating revenue and engaging fans. Post-competitive careers offer some opportunities, but transitioning can be challenging, especially for those who have prioritized gaming over education.⁴⁰ In esports, players are categorized into casual gamers, streamers/entertainers, and professionals based on their engagement and skill levels. Casual players form the bulk of the audience, enjoying games without participating in competitive play. Streamers focus on engaging viewers with entertaining content rather than competing, earning through audience monetization and sponsorships. Professional gamers compete in tournaments, prioritizing strategy over spectacle, with income from prize money and sponsorships. An example of such a gamer is Lee Sang Hyeok from South Korea, known by his alias "Faker," who is not only renowned as the most formidable player in League of Legends but also holds the title of the most accomplished gamer in the history of esports. In addition, it is important to note that there's fluid interaction between streamers and professionals, with many transitioning between roles at different career stages.⁴¹

As stated before, to create a product for the audience, several support activities are necessary. Support activities significantly enhance audience reach and monetization possibilities in esports. Infrastructure, services, hardware, and community facilitation are crucial. Twitch (owned by Amazon) pioneered accessible esports content consumption, a field now populated also by Facebook, YouTube (owned by Google), and others, intensifying the competition to enhance viewer experience. Innovations, such as awarding in-game items for watching matches, keep fans engaged and broaden the ways audiences can connect with their favorite esports.⁴² Streaming platforms significantly empower streamers financially by offering various monetization tools. Twitch has been particularly innovative, introducing features like Cheers,

⁴⁰ See note 38.

⁴¹ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

⁴² SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

subscriptions, and Amazon Prime integration, which have made streaming a financially sustainable career path for many.⁴³

Secondary stakeholders are governing bodies, sports organizations, sponsors, general public, investors, media and shareholders (see Figure 2).

Esports faces criticism for its governance, with calls for structured regulation similar to traditional sports. However, esports comprises various games, making universal governance challenging. Entities like the Global Association of International Sports Federations (GAISF) aim to unite stakeholders. Esports' diversity and the autonomy of game developers complicate the adoption of a single governing body. While there are efforts towards governance, such as the international e-Sports Federation and industry-driven World Esports Association, aligning esports with traditional sports governance structures may not be practical.⁴⁴

The second key stakeholders are sports organizations such as FaZe Clan and TSM, who actively seek new talent and aim to captivate fans and sponsors. Notably, traditional sports clubs such as FC Barcelona and PSG have ventured into esports, creating divisions to compete in popular games, thereby blending the realms of traditional and electronic sports.⁴⁵

In esports, sponsors fall into two categories: endemic, which includes gaming-related brands such as developers and hardware companies, and non-endemic, encompassing firms from various sectors targeting the esports audience.⁴⁶ Sponsorship has been a crucial support pillar in esports, accounting for a significant portion of the industry's economy. Initially, esports relied heavily on endemic sponsors from within the gaming industry, due to a lack of diverse monetization strategies. Examples for endemic companies are Intel, Logitech, and Nvidia, which remain significant sponsors in the esports sector. Additionally, energy drink brands such as Red Bull and Monster Energy are recognized as prominent sponsors, highly visible within the esports community. Recently, a shift has occurred with more non-endemic brands, recognizing esports as a valuable platform to engage with tech-savvy, younger demographics, thus broadening the sponsorship landscape and opening new avenues for brand engagement and audience reach. Brands such as Mercedes-Benz have increased their ESL sponsorship, while Deloitte backs the ESL Dutch Championship, and Mastercard partners with the LoL World

⁴³ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

⁴⁴ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

⁴⁵ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54.

⁴⁶ *Id.*

Championship. Mercedes-Benz aims to connect with technology-savvy youth through esports, highlighting the industry's appeal to non-endemic sponsors seeking new audience segments.⁴⁷ The general public, as secondary stakeholders, shape the perception of esports, impacting its growth and related business ventures. Concerns about video games' potential negative effects, such as aggression or addiction, contrast with studies highlighting benefits like improved hand-eye coordination. Additionally, despite women comprising half of the gaming audience, their professional esports representation is markedly low, a discrepancy not supported by biological differences. This underrepresentation and public opinion significantly influence the esports landscape. These spectators are the millions of individuals watch tournaments and competitions either through traditional media outlets or streaming platforms. In the United States, China, and South Korea, esports have garnered significant followings, with gamers and clubs receiving increasing attention due to the efforts of broadcasters.⁴⁸

Ultimately, a range of stakeholders influences the esports landscape, primarily driven by the pursuit of profit rather than a desire to shape or influence the industry. Investors, entrepreneurs, and shareholders are particularly focused on maximizing returns from esports. Media entities also play a significant role, leveraging their past experiences in esports to adapt to the evolving landscape rather than driving substantial changes within the industry.⁴⁹

Because of the intricate relationships between the many stakeholders in the esports ecosystem — players, developers, fans, organizers, sponsors, and owners of intellectual property — collaboration and mutual support are essential. Esports cannot be sustained by one organization on its own; all groups are necessary for the business to succeed and expand. To make games, players require developers, fans need event organizers, and sponsors need a devoted fan base to effectively market their brands. Together, they guarantee that esports continue to grow and develop as a dynamic, living industry, which is further supported by the vital contributions made by each member of this vibrant community.

⁴⁷ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

⁴⁸ Cacho-Elizondo, S., Lázaro Álvarez, J.-D., & Garcia, V.-E. (2020). The Emerging eSport Market: Analyzing the Impact of Virtual and Augmented Reality. *Chinese Business Review*, 19(2), 37-54. <https://doi.org/10.17265/1537-1506/2020.02.001>

⁴⁹ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.



Note: The list is not exhaustive as we cannot cover all esports stakeholders within this limited space.

Figure 3. The global esports ecosystem summarized.

(Source: Newzoo 2022)

4. Esports vs. Gamification: Understanding the Distinction

Esports, a form of competitive videogaming, has quickly spread around the world, with teams and individuals participating in organized leagues and tournaments. It combines entertainment and strategic gameplay, that is distinguished by a professional level of play, fierce competition and significant fan engagement. This digital sport emphasizes skill, teamwork and strategy, underpinned by a growing infrastructure of leagues, organizations, and regulatory authorities that define its professional landscape.

On the other hand, gamification is the process of incorporating game elements into non-gaming contexts to improve learning, productivity, or engagement. In order to inspire and promote desirable behaviors, key features include points, badges, leaderboards, challenges, and feedback loops.⁵⁰ With the goal of increasing work enjoyment and satisfaction, application fields are numerous and include education, health, business, marketing, and environmental protection. Gamification, which aims to influence behavior and outcomes in multiple sectors, uses game components in contexts outside of games, in contrast to esports, which is competitive and focused on ability in playing video games at an amateur or professional level.

A striking example would be in the field of marketing, where gamification incorporates game elements into promotional tactics to boost consumer engagement, intensify brand interaction, and strengthen loyalty. Rewards for actions like engaging on social media, writing product reviews, or making purchases - through points, badges, or levels - offer a more engaging customer experience. This method taps into the innate human drive for competition, accomplishment, and recognition, enhancing customer participation, promoting loyalty to the brand, and motivating behaviors beneficial to the company. Another example would be in the sector of education, in which platforms like Duolingo use point levels, and streaks to encourage language learning. Students earn rewards for completing lessons, promoting consistent study habits. The last example would be in the field of health and wellness, in which apps like Fitbit gamify physical activity by allowing users to track steps, earn badges, and compete with friends, making fitness more engaging and fun. Key characteristics of gamification are progress mechanics, like points, badges and reward user achievements, instant feedback to help understand the performance and motivate improvement and social interaction features, that allow sharing achievements and competing with others to enhance engagement.

The regulatory frameworks and existence of supporting institutions also serve as a point of differentiation between gamification and esports.

⁵⁰ Smartico. Gamification in eSports. Retrieved from: <https://smartico.ai/gamification-in-esports/>.

The esports sector is struggling to meet its legal, policy and regulatory requirements without a special governance structure. The esports industry is calling for a governance structure comparable to traditional sports. This need arises from the current dominance of game publishers who prioritize financial gains. The desired governance structure includes the establishment of an international regulatory body to supervise esports globally and provide consistent, well-thought-out rules. Advocates also recommend that the government get involved in establishing this organized form of governance.⁵¹ The esports industry, despite its growth and popularity, faces challenges in establishing a single, overarching authority for governance. Its diverse and evolving nature makes such a unified approach more complex. This complexity is partly due to the wide range of games and stakeholders involved, each with its own interests and dynamics. Games are released and updated very frequently, which introduces changes in gameplay and rules. This constant evolution drives the industry's growth but complicates the establishment of stable, unified government system similar to those found in traditional sports with fixed rules. However, there are various initiatives, like the creation of federations, that seek to introduce more structured governance, but the esports community has yet to universally embrace these bodies. In 2016, the World Esports Association (WESA) was created by key esports teams and ESL to standardize rules, better represent stakeholders, and advocate for equitable revenue distribution.⁵² Additionally, the Esports Integrity Commission (ESIC) was formed to tackle integrity threats like match-fixing and doping, involving gambling sectors and event organizers in its efforts.⁵³ By 2018, the International Esports Federation (IESF)⁵⁴, initiated by South Korea, aimed to align esports with conventional sports standards, engaging national federations worldwide for global esports recognition and governance.⁵⁵ This demonstrates that significant steps have been made toward defining esports' organizational structure. Moreover, it is important to note that game publishers, who play a crucial role in the industry, are often left out of these regulatory bodies. Self-regulation efforts have led to the creation of organizations like the Counter-Strike Professional Players Association (CSPPA). This association, established by the players themselves, focuses on enhancing their professional

⁵¹ Martinelli, J. (2019). 'The Challenges of Implementing a Governing Body for Regulating Esports.' *University of Miami International and Comparative Law Review*, 26(2), 4.

⁵² WESA website -< <http://www.wesa.gg/>>. WESA has developed a Player Code of Conduct and Arbitration Rules for disputes.

⁵³ ESIC website - <<http://www.wesa.gg/>>. It was formerly known as the Esports Integrity Coalition.

⁵⁴ The IESF focuses on standardizing regulations, hosting world championships, and collaborating with traditional sports federations to gain recognition for esports athletes and competitions.

⁵⁵ The IESF is a signatory to the World Anti-Doping Code. See the World Anti-Doing Agency (WADA) website -< <https://www.wada-ama.org/en/code-signatories>>.

conditions, advocating for a more balanced and less strenuous schedule. The formation of CSPPA demonstrates a proactive step towards addressing the demands and challenges faced by esports athletes, highlighting the importance of player welfare and representation within the industry.⁵⁶ Regulations are crucial when the imbalance of power can negatively impact player contracts. These contracts often categorize players as independent contractors rather than employees, thus excluding them from standard employment protections. The youthful and inexperienced nature of many players, coupled with their brief career spans and the vast pool of potential replacements, diminishes their negotiating power against the influential game publishers and event organizers. This imbalance can lead to exploitation, with contracts sometimes limiting players' participation in other competitions or their promotion of rival games, alongside imposing demanding training schedules. Health issues like sleep disruption and repetitive strain injuries are also concerns. However, initiatives for better protection are emerging, such as France's 2016 legislation offering esports players specific protections under its labor laws, and South Korea's proactive measures through the Korean Esports Association, which mandates minimum salaries and contract durations. Some esports entities are adopting standard contracts, minimum standards, and forming player associations, mirroring traditional sports' approaches.⁵⁷ Like any other competitive area, esports face obstacles in the realm of competitive gaming. The high prize pools and the widespread betting on results encourage players, teams, and outside parties to be tempted to cheat or fix matches. Such misbehavior has been documented in the past, including intentional loss and wagering against one's own side. Additionally, doping—the use of medications to improve performance by speeding up reaction times and concentration—is a problem in esports. Automating game mechanics or abusing software to get unfair advantages are examples of cheating techniques. The fight against these problems is similar to that of traditional sports, with anti-drug rules, betting bans, and integrity-maintaining bodies such as the IESF and ESIC.

The need for strong governance frameworks in the esports industry highlights how urgent it is to define its legal boundaries in order to maintain its integrity and long-term growth. The absence of such structures leads to a chaotic landscape where game publishers predominantly influence the sector for financial gain. It is essential to establish regulating bodies that are akin to those in traditional sports in order to ensure fair competition, safeguard the rights of

⁵⁶ Melbourne, K., & Campbell, M. (2015). Professional gaming may have an underage gambling problem. Bloomberg. September 7. Available at: <http://www.bloomberg.com/news/articles/2015-09-07/professional-video-gaming-has-an-underage-gambling-problem>

⁵⁷ Windholz, E. (2020). Governing Esports: Public Policy, Regulation and the Law. *Sports Law eJournal*, 1(1), Monash University.

participants, and foster an environment that is open and fair. Therefore, maintaining a clear, legally supported structure is essential to the industry's credibility and long-term success.

On the other hand, the regulatory landscape for gamification is less complex than for esports for several reasons. Firstly, gamification applications frequently adhere to the laws and regulations already in place in their respective industries. For instance, gamified health apps must abide with laws governing patient privacy and data security in the medical field. Second, there is less conflict of interest and a simpler path to compliance with industry standards and regulations. This is because the goals of the organizations implementing gamification, such as boosting learning or increasing user engagement, generally correspond with these objectives. Making sure gamified systems don't exploit users or result in unfavorable consequences like addiction or unfair manipulation is one of the main issues in regulating gamification. However, because gamification is non-competitive and integrated into industries with pre-existing regulatory authorities, these difficulties are frequently easier to handle than those in esports. For instance, gamified educational resources are governed by educational standards and procedures, which facilitates the enforcement of laws ensuring that the resources are helpful to students rather than harmful. Furthermore, the integration of gamification into pre-existing frameworks facilitates an easier modification of rules. For example, current health data protection legislation can address privacy concerns in gamified health apps. This flexibility makes it easier to create precise rules and regulations that safeguard users and encourage creativity and expansion of gamified applications. A great example of effective gamification regulation is the European Union's data protection and privacy policies. Gamified systems operating in the EU are required to adhere to a thorough framework known as the General Data Protection Regulation (GDPR), which guarantees the secure and transparent handling of user data. The implementation of privacy-by-design principles by gamification developers has been incentivized by this rule, hence strengthening user trust and compliance.

In conclusion, the more straightforward regulatory environment of gamification stands in contrast to the complex governance issues affecting esports. While gamification can be easily incorporated into many industries to increase productivity and engagement while adhering to current rules, esports require a thorough framework to maintain fairness, integrity, and participant welfare. This discrepancy shows how flexible gamification techniques may be used in a variety of businesses and emphasizes the need for strong rules in esports to guarantee its long-term success.

5. Challenges of crafting a Business Model for esports

A business model delineates the strategic approach of a company in developing, delivering, and collecting value, encompassing a broader scope than mere financial planning. It is a comprehensive framework that outlines a company's strategy for customer service, payment promotion, and profit generation. This concept involves the understanding of client preferences, the development of strategies to meet these needs, and the assurance of financial profitability. Adapting to market changes and maintaining competitiveness are crucial for a company's longevity, necessitating differentiation and constant improvement. Moreover, it provides direction for strategic planning, highlighting the importance of innovative and flexible methods to maintain long-term prosperity.⁵⁸

Chesbrough and Rosenbloom (2002, p. 533–534) identified the following functions of a business model to strategically classify the process of business model creation:⁵⁹

- The value proposition refers to the value that is generated for users through the utilization of technology.
- Identify a market segment, which refers to the specific consumers for whom the technology is beneficial and for what purpose. Additionally, explain the mechanism(s) via which the firm generates income.
- Establish the framework of the value chain inside the company necessary for the production and distribution of the product, and identify the supplementary resources required to uphold the company's position in this chain.
- The objective is to assess the cost structure and profit possibilities associated with the production of the offering, taking into consideration the selected value proposition and value chain structure.
- Clarify the firm's position inside the value network by establishing connections between suppliers and customers, while also identifying possible competitors and competitors.
- Develop the competitive strategy by which the innovative company will acquire and maintain a competitive edge over its competitors.

The esports industry, with its unique attributes, poses substantial difficulties in creating effective business models. Esports, fueled by constant technical advancements and a network of influential participants, require a distinct strategy for creating, sharing, and accumulating

⁵⁸ Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning*, 43, 172e194.

⁵⁹ Chesbrough, H., & Rosenbloom, R. S. (2002). The Role of the Business Model in Capturing Value from Innovation: Evidence from Xerox Corporation's Technology Spin-Off Companies. *Industrial and Corporate Change*, 11(3), 529–555.

value. The continuous development of the industry, propelled by technical advancements and diverse audience demographics, makes it challenging to establish solid and universally applicable business models. For instance, the evolution of Twitch from Justin.tv and its subsequent purchase by Amazon demonstrates the unpredictable nature of economic prospects in esports, emphasizing the necessity for models that can adeptly adapt to unforeseen shifts in the market.⁶⁰

The business model framework developed by Chesbrough is very suitable for the esports industry because it places a strong focus on open innovation and adaptability, both of which are essential in the rapidly changing and technology-driven environment of esports. Chesbrough's concept of open innovation proposes that organizations should employ both external and internal ideas to markets in order to progress their technology and services.⁶¹ This approach encourages companies to not only rely on their own research and development but also to collaborate with external entities, like other businesses, and to harness market opportunities by licensing out innovations or forming spin-offs to explore new markets.⁶² This is particularly pertinent in the field of esports, as innovation frequently takes place across a vast ecosystem including game developers, streaming platforms, hardware makers, and the gamers themselves. Gamers are not passive customers, but rather engaged players who actively contribute to game creation through providing feedback, modifying, and producing user-generated content. This component of co-creation and co-competition is consistent with Chesbrough's concept that the generation of value is a cooperative endeavor. Within the esports industry, the concept of "co-competition," which combines collaboration and competition, plays a crucial role in the networked business models.⁶³ This hybrid technique efficiently increases the overall value of the network while enabling stakeholders to simultaneously pursue their respective goals. Co-competition is essential in situations characterized by rapid innovation and overlapping technology, which is often the case in esports. Companies can engage in collaborative efforts by sharing technology platforms, organizing esports events, or implementing joint marketing activities. However, they can fiercely compete in areas such as brand endorsements, player recruiting, and market segmentation. The interplay between collaboration and competition in this context requires an effective strategy. Companies must carefully select areas for collaboration, such as joint ventures in tournament organizing or shared streaming technology

⁶⁰ SCHOLZ, T. (2019). *eSports is Business: Management in the World of Competitive Gaming*.

⁶¹ Chesbrough, H. (2006). *Open Business Models: How to Thrive in the New Innovation Landscape*. Harvard Business School Press.

⁶² See *supra* note 59.

⁶³ Brandenburger, A. M., & Nalebuff, B. J. (1996). *Co-opetition*. New York: Doubleday.

development, in order to maximize collective assets for mutual benefit. Simultaneously, companies should compete in other areas, such as acquiring exclusive player contracts or generating game-specific content, in order to stand out and gain a larger share of the market. Strategic cooperation can enhance the strength and durability of the esports ecosystem, as the success of individual players contributes to the general growth of the industry.

Moreover, the esports sector is distinguished by swift technology advancements and evolving player and viewer inclinations. Chesbrough's framework promotes agility in business procedures, enabling organizations to swiftly adjust to emerging technology and changes in the market.⁶⁴ Esports organizations can adjust their strategy depending on the success of different game formats and distribution methods. For instance, they could include emerging technologies such as virtual reality (VR) and augmented reality (AR) to improve the experiences of viewers. Chesbrough also highlights the importance of comprehending a company's position in a wider value network, which includes partners, competitors, and customers. Having a comprehensive grasp of this network is essential in the field of esports, as it allows for the effective utilization of partnerships, such as sponsorships and cooperation with technology suppliers, to improve the gaming experience and broaden market influence. Companies operating in the esports industry must effectively manage intricate interactions with various stakeholders, such as players, fans, sponsors, and media platforms, due to the interwoven structure of the ecosystem. Furthermore, the esports industry, characterized by lack of established pathways and exponential expansion, presents an ideal environment for testing novel business models. Chesbrough's framework promotes the practice of experimentation and gaining knowledge from mistakes, which is crucial in an industry where tactics for making money, such as freemium models, subscriptions, and in-game purchases, are constantly changing. The ability to adapt and create new business models is essential for developing lucrative and sustainable strategies in the highly competitive esports industry.

Within the dynamic and ever-changing world of esports, the incorporation of sustainable business models presents a strategic approach that not only ensures a competitive edge but also guarantees the long-term sustainability of the sector. Based on Chesbrough's adaptable and open business model, sustainable approaches in esports prioritize ethical engagement, diversity, and resource efficiency. These factors are crucial in determining the future of the industry. In the fast-paced and audience-oriented world of esports, it is crucial to prioritize ethical involvement. Sustainable business models promote transparency, equitable conduct, and integrity not only in

⁶⁴ See *supra* note 61.

gameplay but also in other aspects of business operations. It is essential to implement transparent and equitable monetization strategies to uphold the trust of both players and viewers. Furthermore, by guaranteeing fair labor standards for both players and staff, the industry acknowledges and safeguards the physical and mental welfare as well as the professional rights of the individuals who play an essential part in its functioning. By incorporating these moral principles into the fundamental business plan, firms can foster trust among all stakeholders, including participants and sponsors, which is essential for establishing enduring relationships and cultivating a respected brand in the international market.⁶⁵ Moreover, the widespread international presence and varied viewership of esports require a corporate framework that prioritizes inclusiveness. This is more than simply ensuring that games and events are accessible to individuals of various genders, abilities, and socioeconomic backgrounds. It also involves proactively generating chances for underrepresented groups within the gaming community. By adopting strategies that encourage diversity and inclusivity, esports organizations may access unexplored markets and broaden their customer base, while simultaneously cultivating a more hospitable and captivating community atmosphere. The presence of inclusivity in esports has a twofold impact: it promotes the growth of the market and fosters a strong competitive environment driven by the community. On top of that, the digital realm of esports places a high importance on resource efficiency, as the intensive handling of data and utilization of servers typically has a large environmental impact. Sustainable business models prioritize the optimization of these factors, with the goal of minimizing the carbon emissions linked to large-scale online engagements and tournaments. Implementing advancements that decrease the energy usage of gaming gear and broadcasting technologies not only helps to lessen the negative effects on the environment but also lowers operational expenses. The high level of efficiency not only promotes sustainability but also enhances profitability, making it an essential element of a robust corporate strategy. Sustainable business models, with their emphasis on ethical engagement, inclusivity, and resource efficiency, not only address present market needs but also proactively shape future industry advancements.⁶⁶ These approaches drive the esports sector towards economically advantageous and socially conscientious results. By using these techniques, businesses may effectively negotiate the intricate nature of the esports ecosystem, customizing their operations to address the distinct requirements and obstacles of this digital frontier.

⁶⁵ Bocken, Nancy M.P., Short, Samuel W., Rana, Padmakshi, and Evans, Steve. "A Literature and Practice Review to Develop Sustainable Business Model Archetypes." *Journal of Cleaner Production*, 65, 42-56, 2014.

⁶⁶ *Id.*

All in all, it can be stated that due to the esports' dynamic and competitive field, a model that helps navigate its complexity and promotes its long-term growth and stability is difficult to craft. However, Chesbrough's open innovation approach seems to be well-fitted for the fast-changing esports sector, in conjunction with a sustainable business model that stresses ethical engagement, inclusion and resource efficiency. These principles ensure that the industry addresses current issues and proactively develops its future for sustainability and inclusivity.

CHAPTER II

Twitch: The digital pioneer

1. Overview of Twitch

Twitch is a prominent American video live-streaming platform that mainly focuses on the live broadcasting of video games, including esports contests, as well as providing music broadcasts, creative material, and live streams. Twitch Interactive, a division of Amazon.com, Inc., is responsible for the operation of Twitch. The site was launched in June 2011 as a derivative of the popular streaming service Justin.tv.⁶⁷ The website offers the option to access its content either in real-time or through video on demand. The games displayed on today's site of Twitch are categorized based on the preferences of the audience and encompass several genres, including real-time strategy games (RTS), fighting games, racing games, and first-person shooters.⁶⁸ Twitch primarily offers video streaming as its main service. However, it also provides a range of additional services that impact the interaction between streamers and audiences on the platform.⁶⁹ The platform provides various social functionalities, including the chat window, the capability to follow and share a stream or a streamer, revenue-generating features such as the subscribe button (many of which necessitate the streamer's participation in the Twitch partner program), and informative features such as the profile page, stream title, and game name.⁷⁰

The parent business of Justin.tv underwent a rebranding process and adopted the name Twitch Interactive to symbolize the change in focus. Consequently, Justin.tv ceased operations in August 2014.⁷¹ In the aforementioned month, Amazon acquired the service for a sum of US \$970 million.⁷² Twitch maintained its position as the dominant live-streaming video platform for videogames in the United States in 2017, with a monthly viewership of over 100 million by

⁶⁷ Wilhelm, A. (2011, June 6). "Twitch TV: Justin. TV's killer new esports project". The Next Web. Retrieved from: <https://thenextweb.com/news/twitchtv-justin-tvs-killer-new-esports-project>.

⁶⁸ Mao, E. (2022). The effectiveness of event marketing in an attention economy: Findings from Twitch live-stream esports tournament events. *Journal of Media Economics*, 34(3), 194-211. DOI:10.1080/08997764.2022.2115503

⁶⁹ Gandolfi, E. (2016). To watch or to play, it is in the game: The game culture on Twitch.tv among performers, plays and audiences. *Journal of Gaming & Virtual Worlds*, 8(1), 63–82. Doi: 10.1386/jgvw.8.1.63_1

⁷⁰ Sjöblom, M., Törhönen, M., Hamari, J., & Macey, J. (2018). The ingredients of Twitch streaming: Affordances of game streams. *Computers in Human Behavior*, 92, 20-28. Doi: 10.1016/j.chb.2018.10.012

⁷¹ Truong, A. "As Twitch Grows, Justin.tv Inc. Is Renamed Twitch Interactive". Fast Company. Retrieved from: <https://www.fastcompany.com/3026207/as-twitch-grows-justintv-inc-is-renamed-twitch-interactive>.

⁷² Amazon. (2014, August). Amazon.com to Acquire Twitch. Retrieved from: <https://press.aboutamazon.com/2014/8/amazon-com-to-acquire-twitch>

2015, surpassing YouTube Gaming, which terminated its independent application in May 2019.⁷³ As of June 2023, the platform reported a monthly viewership of 31 million average daily visitors and a monthly viewership time of 1.77 billion hours.⁷⁴ In December 2018, Twitch had a substantial network of more than 27,000 partner channels.⁷⁵ In February 2024, Twitch ranked 27th globally in terms of website traffic, with the United States accounting for 28.27% of its traffic, Brazil followed closely behind with 7.13%, and Japan with 6.5%.⁷⁶

2. Twitch's Business Model

Twitch operates on a freemium business model, where a company provides a product or service at no cost, usually with limited or basic features available to users. The purpose of this model is to attract users with the free offering and then encourage them to upgrade to the paid version for enhanced functionality and benefits. Twitch has implemented this concept effectively. Typically, the viewer can freely access the broadcast chat, chat emotes and mod installers without any cost, all of which is sufficient for a casual spectator. However, for individuals who heavily engage in streaming and spend several hours each day watching their favorite streamers, it is reasonable to consider acquiring a subscription, which is the premium version of this service. This strategy allows Twitch to accommodate a wide audience ranging from casual viewers to professional gamers and content creators.⁷⁷

Twitch owes much of its success to a strategic network of key partnerships, which include among others Affiliate and Partner programs, game developers and publishers, esports organizations, advertisers and sponsors. Twitch's Affiliate and Partner programs show its commitment to supporting and profiting off the efforts of content providers. The Affiliate program enables up-and-coming streamers to generate income by means of subscriptions, Bits (Twitch's digital currency), and advertising, thus facilitating their progression towards becoming full partners. Notable content creators, such as Ninja and Pokimane, have become icons of the gaming world, partly thanks to Twitch's supportive environment. The Partner program, which is more exclusive, provides extra advantages such as increased revenue share rates, access to advanced broadcasting capabilities, and promotional opportunities. These

⁷³ Robertson, A. (2019, May 27). The YouTube Gaming app is shutting down this week. The Verge. Retrieved from: <https://www.theverge.com/2019/5/27/18641413/youtube-gaming-standalone-app-shutdown-may-30th>

⁷⁴ Videogamestats.com. Twitch Stats & Facts. Retrieved from: https://videogamestats.com/twitch-stats-facts/?utm_content=cmp-true

⁷⁵ *Id.*

⁷⁶ SEMrush. (n.d.). Twitch.tv Website Overview. Retrieved from: <https://www.semrush.com/website/twitch.tv/overview/>.

⁷⁷ Serra, S. (2019). Exploring the Feasibility of a New Business Model in Videogame Streaming.

programs provide incentives to produce high-quality content, which helps to create a diverse content ecosystem that attracts and keeps viewers.⁷⁸ Developers are vital to the functioning of Twitch's ecosystem as they provide integrations, extensions, and interactive experiences that improve viewer engagement. Twitch provides an extensive developer program, which includes APIs⁷⁹ and SDKs⁸⁰ that empower developers to create personalized tools and features. This mutually beneficial connection not only enhances the functionality and attractiveness of Twitch's platform but also creates opportunities for developers to generate cash through the Twitch Extensions Marketplace. Twitch's partnerships with game developers and publishers such as Riot Games, Activision Blizzard, and Electronic Arts are fundamental and essential. Twitch's agreements enable the platform to offer exclusive debuts of games, competitions, and events, attracting millions of people. An example of this is the collaboration between Twitch and Riot Games to broadcast League of Legends competitions, which has greatly boosted Twitch's audience figures and solidified its position as the leading platform for esports. Developers utilize Twitch's enormous audience to promote their games, creating a mutually beneficial connection that stimulates shared expansion. Twitch has a strong connection to esports, as it has established relationships with major groups such as Team Liquid, Cloud9, and 100 Thieves.⁸¹ These organizations utilize Twitch as a platform to hold their tournaments and events, taking advantage of its wide-ranging audience. Twitch further strengthens its position as a frontrunner in the field of esports broadcasting. The relationships go beyond streaming and include cooperative marketing initiatives and content creation that improve brand exposure and engage the audience. The platform's extensive and actively involved audience makes it an appealing location for marketers and sponsors, encompassing both non-endemic brands such as Coca-Cola and endemic brands such as Logitech and Razer.⁸² These collaborations include sponsored streams, branded content, and event sponsorships, providing marketers with a direct avenue to reach the gaming community. Twitch's precise advertising features enable sponsors to effectively target certain demographics, hence optimizing the effectiveness of their marketing initiatives.

⁷⁸ Twitch. (2024). Twitch Partners. Retrieved from: <https://www.twitch.tv/p/it-it/partners/>

⁷⁹ Application Programming Interface

⁸⁰ Software Development Kit

⁸¹ ESPN. (2016). Twitch Announces Partnership to Represent Team SoloMid, Cloud9, Sponsors. Retrieved from: https://www.espn.com/esports/story/_/id/18082612/twitch-announces-partnership-represent-team-solomid-cloud9-sponsors.

⁸² This Marketer's Life. (2018). Fare Marketing su Twitch. Retrieved from: <https://www.thismarketerslife.it/stories/fare-marketing-su-twitch/>.

Another important component of Twitch's business model are the key activities to sustain its growth, maintain its user base, and enhance the overall platform experience. Twitch's primary focus revolves around the ongoing development and maintenance of its platform to guarantee a top-notch streaming experience for both viewers and broadcasters. This involves allocating resources to develop a strong server infrastructure capable of managing a large volume of live streaming data, adopting cutting-edge streaming technologies to minimize delays, and regularly improving the platform's functionalities to improve user experience and interaction.⁸³ Twitch's constant commitment to technological progress aligns with its goal of delivering the most exceptional live streaming experience available. Moreover, Twitch acknowledges the significance of its community in driving the platform's achievements. Therefore, community engagement and support are crucial actions. Twitch actively cultivates its community through interactive features, chat tools, and community events. The platform offers extensive assistance to its streamers, providing them with tools and resources to enhance their channels, interact with viewers, and monetize their content efficiently. This commitment to providing community support guarantees a lively and involved user community.⁸⁴ Twitch utilizes creative marketing and promotional initiatives to acquire new users and maintain the loyalty of existing ones. This includes utilizing social media platforms, establishing collaborations with renowned game developers and esports groups, and organizing prominent events such as TwitchCon. The purpose of these marketing initiatives is to enhance the recognition of the platform, attract new content creators and audience members, and reinforce Twitch's reputation among the gaming community.⁸⁵ Ultimately, effective management of relationships with game developers, marketers, and other key partners is essential for the success of Twitch. These collaborations increase the range of content available on the network, create fresh sources of income, and deliver exclusive content to Twitch's viewership. Efficient partnership management entails the process of reaching agreements through negotiation, working together on promotional initiatives, and ensuring that both parties derive mutual advantages. This effort not only enhances the Twitch environment but also strengthens its position as an essential platform in the gaming and live streaming industries.

⁸³ Milani, M. (2018). Twitch: The Business Analysis. Retrieved from:

<https://medium.com/@MassimoMilani/twitch-the-business-analysis-17d1a47cbb5b>.

⁸⁴ DÜLGAROĞLU, O. (2023). E-Sports Events as a New Trend in Tourism. DOI: 10.54493/jgtr.1220083.

⁸⁵ Belova, D. (2024, January 8). Twitch Marketing Strategy: Streaming Success. Retrieved from:

<https://hypefactory.com/blog/streaming-success-unleashing-the-power-of-twitch-marketing-strategy#:~:text=The%20secret%20sauce%20of%20Twitch,thrives%20on%20real%20time%20interaction.>

Given that Twitch is a prominent figure in the live streaming service it depends on certain essential resources to maintain its capacity to provide outstanding services, interact with its audience and uphold its market position. The main resources utilized by Twitch include technological infrastructure, brand name, community engagement, collection of content and Human Resources. Twitch's technological infrastructure serves as the fundamental support for its live broadcasting service. This encompasses a resilient infrastructure of servers that can efficiently manage large quantities of live video material with minimal delay. Advanced video recording and streaming technology guarantee the delivery of high-quality content that can be accessed on several devices. Twitch's allocation of resources to cloud computing and CDN (Content Delivery Network) technology is essential for expanding its services worldwide, ensuring that viewers may enjoy uninterrupted streaming regardless of their geographical location.⁸⁶ Its brand is also a valuable asset that sets it apart from its competitors. Twitch has become the preferred platform for gamers due to its lively community, engaging features, and strong commitment to gaming and esports. The brand's affiliation with gaming culture, diversity, and innovation appeals to both streamers and viewers, resulting in a devoted user base.⁸⁷ The Twitch community is an essential asset. Twitch cultivates this community by providing interactive features, assistance for content creators, and organizing events that promote a feeling of belonging and devotion. The input and involvement of the community play a crucial role in determining the features and offerings of Twitch, guaranteeing that the platform stays current and attractive. Twitch's vast collection of content, which includes a wide range of live and pre-recorded gaming content, esports events, creative content, and other forms of entertainment, is a valuable resource. This library not only appeals to individuals seeking entertainment and knowledge, but also functions as a depository of the gaming culture and trends throughout history. Twitch's extensive range of content, encompassing many genres and levels of complexity, renders it an invaluable asset for both casual spectators as well as devoted players, hence enhancing user loyalty and involvement. Moreover, the success of Twitch relies heavily on the collective efforts of its workforce, which includes software engineers, data scientists, marketing specialists, and community managers. These personnel have the responsibility of building and maintaining the technological backbone of Twitch, improving the

⁸⁶ Twitch. (2023, September 28). Twitch State of Engineering 2023. Retrieved from: <https://blog.twitch.tv/en/2023/09/28/twitch-state-of-engineering-2023/>.

⁸⁷ Casciabanca, F. Community e Branded Content: i segreti del successo di Twitch in Italia Retrieved from: <https://www.ninja.it/twitch-italia/>.

platform's features, interacting with the community, and driving strategic growth.⁸⁸ Twitch's team possesses exceptional knowledge and creativity, which allows the platform to consistently develop and adjust to the rapidly changing digital entertainment industry.

Twitch offers a range of benefits to different groups within its community, such as viewers, broadcasters, marketers, and game developers. Twitch has positioned itself as a vital hub in the gaming community and beyond by providing unique benefits to each group.⁸⁹ For viewers, the value proposition is to gain access to a wide range of live gaming content, engage with the community, and enjoy entertainment. For streamers, Twitch provides a platform that enables streamers to cultivate a following, generate revenue from their content, and interact with their followers. For advertisers, Twitch offers access to a substantial, actively involved and specifically targeted audience. Lastly, for game developers Twitch provides a platform designed to facilitate the promotion of games, interact with fans, and collect feedback.

As mentioned before, customer relationships are created through chat, subscriptions, interactive features, customer support as well as personalization. For instance, the content recommended is based on viewing habits and preferences.

The main channels utilized by Twitch are the website and mobile apps, social media as well as events and conventions. Websites and mobile apps are the primary channels for content delivery and interaction. Social media is used for marketing, engagement and community building. Ultimately, events are an important channel since the participation in and hosting of events contributes to building a community and promote the brand.

Another important feature of business models are customer segments. As previously mentioned, it comprises streamers/ content creators, viewers, advertisers, game developers and publishers. These categories include amateurs, professionals looking to build an audience and monetize their content, gamers and non-gamers interested in live streaming content and esports enthusiasts. In addition, advertisers are brands looking to reach Twitch's audience through various advertising options, whereas game developers and publishers look for platforms to promote their games.

Twitch's cost structure can be classified into two main categories: variable costs and fixed costs. Variable costs include those expenses that are directly correlated with the amount of streaming

⁸⁸ Comparably. Twitch Human Resources. Retrieved from: <https://www.comparably.com/companies/twitch/human-resources>.

⁸⁹ FourWeekMBA. How Does Twitch Make Money? Retrieved from: <https://fourweekmba.com/how-does-twitch-make-money/#:~:text=Twitc%20value%20proposition%20revolves%20around,buid%20communities%20around%20shared%20interests>.

and data traffic on Twitch. With the rise in user activity and the consumption of streaming content, there is a corresponding increase in expenses for internet access, data storage, and content delivery. In addition, it also includes expenditures related to promoting and publicizing products or services. The expenses vary depending on the magnitude and regularity of Twitch's promotional activities aimed at attracting and retaining members, such as digital advertising, sponsorship of events, and engagement with the community. On the other hand, fixed costs include development costs and personnel costs. Development costs are continuous expenditures on platform maintenance, implementation of new functionalities, and technological advancements. Although the extent of projects may differ, there is a consistent demand for continuous development effort. Twitch's personnel costs comprise the salaries and benefits of its workers, such as developers, support staff, and management. Regardless of variations in operational requirements, the cost of keeping a proficient staff remains consistent.

Finally, the most important element of Twitch's business model are revenue streams. Twitch's primary source of revenue comes from subscriptions to its membership programs. Twitch Turbo is a membership plan priced at \$8.99 that provides users with several benefits, including an ad-free viewing experience, more emoticon sets for chat, customizable nickname colors, a chat badge, increased broadcast storage, and priority customer assistance.⁹⁰ Twitch also provides Twitch Prime, a service that enables customers with an Amazon Prime account to subscribe to one Twitch partner or affiliate per month without any extra charges.⁹¹ In addition to a Twitch Prime subscription, the user also gains supplementary advantages such as loot boxes containing in-game products and a wider selection of special emoticons.⁹² Users have the option to subscribe to a Twitch streamer at any given moment, and this subscription comes with several advantages. The cost of subscribing can range from \$4.99 to \$24.99. The cash collected from these types of subscriptions is often divided, with 50% allocated to the streamer and the remaining 50% allocated to Twitch.⁹³ Highly successful streamers on Twitch, usually those with more over 10,000 members, can negotiate a more favorable revenue share, typically around 70/30.⁹⁴ A significant portion of a streaming platform's revenue is generated by subscriptions that are exclusively available to streamers who are partnered with Twitch. Over time, streaming platforms have increasingly depended on forming partnerships with streamers due to the substantial cash generated by these subscriptions. However, this does not imply that platforms

⁹⁰ Serra, S. (2019). Exploring the Feasibility of a New Business Model in Videogame Streaming.

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Id.*

⁹⁴ *Id.*

readily offer partnerships to individuals who simply set up a webcam and express their desire to stream.⁹⁵ The process of selecting streamers to work with platforms is based on a clear and logical scientific approach to ensure that only candidates who are valuable are chosen.

The process of becoming a Twitch partner operates as follows. Streamers that meet the specified criteria, which include acquiring 50 followers, streaming on 7 different days during a month, and maintaining an average of 3 viewers per stream, are eligible to obtain affiliate status.⁹⁶ Affiliates who achieve a mean of 75 viewers per stream, stream for a total of 25 hours in a month, and stream on 12 distinct days within a month will thereafter attain partner status.⁹⁷ Furthermore, Twitch generates a substantial portion of its income through advertising. Advertisers have the opportunity to display advertisements on streamers' channels, the Twitch homepage, or during breaks in live streams. The high level of engagement and precise targeting of Twitch's audience make it an appealing platform for advertising. Moreover, Twitch earns additional revenue by selling branded products. This comprises clothing, accessories, and other merchandise bearing the Twitch brand, which can be purchased at its online store.

Ultimately, Twitch generates revenue through the initial sale of Bits, which are subsequently donated to streamers. They are a digital form of cash that viewers may buy from Twitch to support and encourage their favorite streamers during live broadcasts. Table 2 provides a detailed analysis of Twitch's revenue generated through the sale of Bits. The data in the table shows that although Twitch does generate a steady profit from the selling of Bits, the earnings per Bit are not significant. The profit margin per Bit varies from \$0.004 to \$0.002, indicating that Twitch's main focus on Bits may not be solely on direct revenue, but rather on the engagement and enhanced value they contribute to the site. Bits primarily function as a source of income for streamers, who receive the full value of the Bits minus the portion taken by Twitch. Their earnings per package experiences a substantial increase if viewers opt for larger packages, suggesting an intentional strategy to incentivize bulk purchases. When assessing Twitch's earnings from Bits, it is important to consider the additional advantages, such as heightened viewer engagement and retention, as Bits contribute to a more interactive experience between viewers and streamers. An engaged audience has the potential to indirectly boost Twitch's overall revenue by increasing content consumption and potentially leading to subscriptions or other transactions. Although Bits may not contribute significantly to Twitch's revenue compared to subscriptions and advertising, they have a crucial role in the ecosystem

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ *Id.*

by cultivating a community where viewers financially support streamers. This, in turn, keeps content creators motivated to deliver captivating content on the platform.

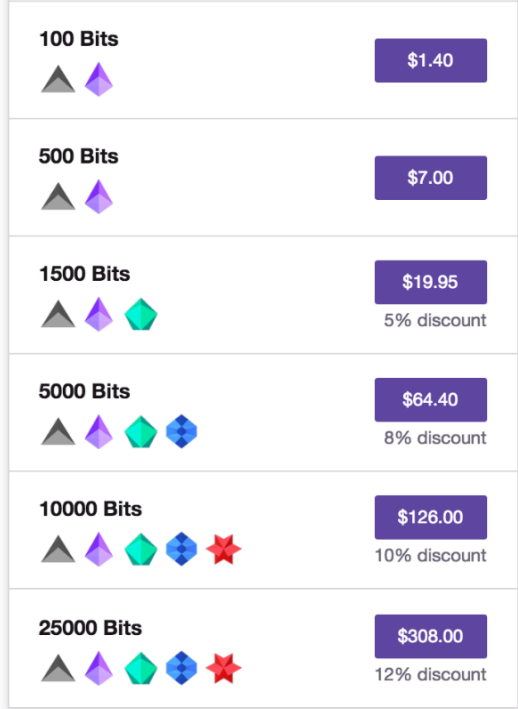


Figure 4. Current prices of cheer bits on Twitch (in USD).
Source: Twitch.tv

| Number of Bits Per Package | Price for Bit Package | Twitch's Revenue Per Bit | The True Value of One Bit | Twitch's Profit Per Bit | Twitch's Profit Per Bit Package |
|----------------------------|-----------------------|--------------------------|---------------------------|-------------------------|---------------------------------|
| 100 | \$ 1.40 | \$ 0.014 | \$ 0.01 | \$ 0.004 | \$ 0.40 |
| 500 | \$ 7.00 | \$ 0.014 | \$ 0.01 | \$ 0.004 | \$ 2.00 |
| 1500 | \$ 19.95 | \$ 0.013 | \$ 0.01 | \$ 0.003 | \$ 4.95 |
| 5000 | \$ 64.40 | \$ 0.013 | \$ 0.01 | \$ 0.003 | \$ 14.40 |
| 10000 | \$ 126.00 | \$ 0.013 | \$ 0.01 | \$ 0.003 | \$ 26.00 |
| 25000 | \$ 308.00 | \$ 0.012 | \$ 0.01 | \$ 0.002 | \$ 58.00 |
| Formulas Used | | B2/A2 | | C2-D2 | A2*E2 |

Table 2. Twitch Bit value chart. Source: Sean Serra

3. Battling Giants: Comparative Analysis with YouTube Gaming

Twitch and YouTube are both dominant forces in the online streaming industry, especially in the esports and gaming sectors, as the digital environment continues to swiftly evolve. Each of these platforms has its own individual history and development path and has established

specific areas of focus to serve millions of people globally. Twitch has gained a reputation for its outstanding live broadcasting capabilities and highly involved gaming community. It has become closely associated with streaming esports events and providing engaging experiences for viewers. However, YouTube offers a wide range of video genres, including instructional materials and entertainment, in addition to its extensive collection of gaming content. This is made possible by its large content library and advanced algorithmic suggestions. Gaining a clear understanding of these differences is essential for content creators, advertisers, and consumers alike. Hence, for the sake of ensuring the reliability of our comparative analysis, we will primarily focus on YouTube Gaming. This knowledge helps guide decisions about content creation, marketing tactics, and platform selection. This analysis aims to emphasize the competitive advantages of Twitch and YouTube, providing insights into their individual strengths and challenges in the highly competitive sector of online streaming and esports.

Twitch and YouTube serve large but different audiences with diverse interests for esports programming. Twitch has conventionally served as the primary medium for gaming enthusiasts, specifically attracting people who are highly immersed in gaming culture. The community flourishes through the broadcasting of live gaming broadcasts, esports events, and interactive material, which cultivates a close-knit relationship between viewers and streamers.⁹⁸ This platform has greatly influenced the way game material is consumed, placing a strong emphasis on immediate interaction and the development of a community. In contrast, YouTube's wide range of content appeals to a varied audience. The main advantage of this platform is its algorithm-based content discovery, which enables it to cater to a diverse range of interests, including gaming walkthroughs, esports competitions, game reviews, and news.⁹⁹ The format employed by YouTube allows for the streaming of both live and pre-recorded material, offering content creators the ability to be flexible in their production and giving users a wide range of viewing options.

The live streaming market size accounts for 63.18% of the video-streaming market and it generated a revenue of \$57.83 billion in 2022.¹⁰⁰ Live-streaming content has gained significant popularity as a form of video content consumption in recent years. Nevertheless, its popularity experienced a minor decline in recent quarters, with its audience share decreasing from 30.4%

⁹⁸ Cabal, A. (2024, February 18). Twitch vs YouTube: Which is the Better Platform in 2024. Retrieved from: <https://www.gamechampions.com/en/blog/twitch-vs-youtube>.

⁹⁹ *Id.*

¹⁰⁰ Maximize Market Research. Global Live Streaming Market Report. Retrieved from: <https://www.maximizemarketresearch.com/market-report/global-live-streaming-market/23862/>.

of internet users in Q3 2021 to a mere 27.6% in Q2 2023.¹⁰¹ Currently, over 28% of global internet users engage in weekly live streaming as of 2024.¹⁰² On average, each viewer dedicates 25.4 minutes per viewing session to watching live video content.¹⁰³ A total of 7.6 billion hours of live content was consumed across all platforms during the third quarter of 2023.¹⁰⁴ Twitch acquired an overall share of 53% of the esports audience during the quarter, while YouTube gaming captured 40%.¹⁰⁵ As a result, there was a notable increase of 12 million hours of viewership during this quarter.¹⁰⁶ Only 7% of the content was broadcasted live on platforms such as Facebook, AfreecaTV, Kick all, etc. Twitch is a prominent live-streaming network, having 31 million users who engage with the platform on a regular basis.¹⁰⁷ Every day, Twitch users collectively consume a minimum of 71 million hours of video.¹⁰⁸ The site estimates a monthly streaming audience of 7 million content creators.¹⁰⁹ The predominant demographic of Twitch users falls within the age range of 20 to 39.¹¹⁰ As of 2023, the gender distribution of Twitch users is 63% males and 37% females.¹¹¹ Twitch is the preeminent live-streaming platform in the United States. Approximately 47% of gamers in the United States engage in the activity of watching live gaming content on the platform known as Twitch.¹¹² Simultaneously, 40% of the gamers expressed a preference for seeing live streams on YouTube Gaming.¹¹³ Another difference between Twitch and YouTube gaming lies in their revenue models. Twitch generates its main source of income via premium subscriptions, Bits (a type of digital currency used to financially support streamers), advertising, and sales of items. The platform is based on a freemium business model, providing free access to basic services while requiring payment for further capabilities. Twitch distributes the income gained from subscriptions and Bits to its content providers, establishing a mutually beneficial financial environment for both the site and the streamers.¹¹⁴ YouTube initially served as a venue for pre-recorded videos and then incorporated live streaming services. YouTube Gaming directly rivals Twitch in the arena of

¹⁰¹ Demand Sage. Live Streaming Statistics. Retrieved from: <https://www.demandsage.com/live-streaming-statistics/>.

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ Hendelmann, V. Twitch Business Model: How Does Twitch Make Money? Retrieved from: <https://productmint.com/twitch-business-model-how-does-twitch-make-money/>.

live streaming for gaming, however YouTube's more comprehensive content strategy and its robust discoverability algorithm provide it with distinct advantages over Twitch. YouTube generates revenue through the YouTube Partner Program, which enables content producers to receive income from advertisements, channel memberships, Super Chat, Super Stickers, and the YouTube Shorts Fund. The platform's dependence on Google's AdSense for generating advertising money and its capacity to provide an extensive range of monetization choices render it an appealing platform for producers seeking varied sources of income.¹¹⁵ Twitch provides new streamers with greater accessibility to monetization through its Affiliate and Partner programs. However, YouTube offers the potential for higher income through its advertising model once the higher threshold for monetization is reached.¹¹⁶

Both platforms offer appealing choices for content creators, with Twitch leading in the live streaming domain, especially for gaming content, while YouTube provides a broader platform for various types of video content, including live streaming. The decision between Twitch and YouTube ultimately hinges on the content creator's objectives, chosen content genre, and desired level of audience interaction and revenue generation methods.

4. Parasocial Relationships and Interactive Engagement on Twitch

Twitch has transformed from a specialized broadcasting platform into a dominant force in the world of digital entertainment, specifically within the video gaming industry. Twitch has utilized the growing popularity of live streaming to develop a distinctive interactive platform where users not only passively consume content but actively engage in its production. Twitch stands out from other video platforms like YouTube due to its reliance on live interactions between streamers and their viewers. Its prosperity is closely related to the community. Contrary to conventional watching, Twitch viewers actively engage with streamers through chat, contributions, and subscriptions, rather than just passively consuming material. The interaction is not merely a characteristic of the platform; it serves as the foundation for its expansion and popularity. Twitch provides not only financial incentives, but also a user-friendly interface that allows viewers to move between live feeds or watch numerous streams at once. This functionality encourages the formation of lively online communities. Both viewers and streamers are brought together in these communities, aided by the platform's flexibility, which allows content consumption from anywhere and at any time. This participatory atmosphere, combined with streamers' real-time answers to chat comments, fosters parasocial connections,

¹¹⁵ Melnyk, Y. Twitch Vs YouTube. Retrieved from: <https://kudos.tv/blogs/stream-blog/twitch-vs-youtube>.

¹¹⁶ *Id.*

in which viewers form a one-sided close connection with the streamer.¹¹⁷ These ties strongly encourage viewers to commit their time and money in order to receive attention from streams. Viewership on these sites surged significantly during the Covid-19 pandemic, as people sought social connection amid societal isolation.¹¹⁸¹¹⁹ On this platform many users film and record themselves doing a range of activities, such as playing videogames, creating music for live viewers or enjoying food. However, it is mainly used as a video game streaming platform and the reasons why people use Twitch differ from user to user. Reasons include relaxation, learning gaming tactics, and engaging with streams.¹²⁰¹²¹¹²²

According to some research conducted by Abbie Speed, Alycia Burnett and Tom Robinson, the general audience can be summarized into four primary factors, namely *Try Before You Buy* users, *Antisocial viewers*, *Loyal Lurkers* and *Social viewers*.¹²³ The first category, *Try Before You Buy* users, is comprised of individuals who watch for entertainment and want to inform their gaming decisions. These people showed a desire to consume video game material through Twitch, with the purpose of playing the same game as the streamer(s). Twitch is a popular site for watchers and players to immerse themselves in video games, explore its playability, and connect with others who share their experiences. In the study participants reported using Twitch to discover new games and learn new strategies. In addition, they are also willing to financially support streamers, as seen by their strong disagreement with the statement "I feel uncomfortable giving streamers money just for playing games."¹²⁴ One participant explained, "They put a lot of time and effort into doing them, so you're paying them for their time."¹²⁵ "You should pay

¹¹⁷ Kabir, L. (2021, July 15). Parasocial relationships on Twitch: A psychiatrist's perspective. Retrieved from: <https://www.healthygamer.gg/blog/parasocial-relationships-on-twitch-a-psychiatrists-perspective#:~:text=Parasocial%20relationships%20on%20Twitch%20are,without%20the%20feelings%20being%20reciprocated.>

¹¹⁸ Forbes, Council. (2021, June 17). How the gaming industry has leveled up during the pandemic. Forbes Tech Council. Retrieved from: [https://www.forbes.com/sites/forbestechcouncil/2021/06/17/how-the-gaming-industry-has-leveled-up-during-the-pandemic/.](https://www.forbes.com/sites/forbestechcouncil/2021/06/17/how-the-gaming-industry-has-leveled-up-during-the-pandemic/)

¹¹⁹ López-Cabarcos, M. A., Ribeiro-Soriano, D., & Piñeiro-Chousa, J. (2020). All that glitters is not gold: The rise of gaming in the COVID-19 pandemic. *Journal of Innovation & Knowledge*, 5(4), 289–296. Retrieved from: [https://www.elsevier.es/en-revista-journal-innovation-knowledge-376-pdf-S2444569X20300408.](https://www.elsevier.es/en-revista-journal-innovation-knowledge-376-pdf-S2444569X20300408)

¹²⁰ Sjöblom, M., & Hamari, J. (2017). Why do people watch others play video games? An empirical study on the motivations of Twitch users. *Computers in Human Behavior*, 75, 985–996.

¹²¹ Sjöblom, M., Törhönen, M., Hamari, J., & Macey, J. (2017). Content structure is king: An empirical study on gratifications, game genres and content type on Twitch. *Computers in Human Behavior*, 73, 161–171. [https://doi.org/10.1016/j.chb.2017.03.036.](https://doi.org/10.1016/j.chb.2017.03.036)

¹²² Wulf, T., Schneider, F. M., & Queck, J. (2021). Exploring viewers' experiences of parasocial interactions with videogame streamers on Twitch. *Cyberpsychology, Behavior, and Social Networking*, 24(10), 648–653.

¹²³ Speed, A., Burnett, A., & Robinson II, T. *Beyond the game: Understanding why people enjoy viewing Twitch*. Brigham Young University, Address: 360 Campus Dr., Provo, UT 84604, United States.

¹²⁴ *Id.*

¹²⁵ *Id.*

them.” “It just seems right.”¹²⁶ Furthermore, users that fall in this category also reported to use Twitch for fun and escape. The positive responses to the statements “I watch Twitch to relax and unwind” and “While I’m on Twitch, I can forget about family, school, work, and other things” indicate that these viewers use Twitch to entertain themselves, relax, and unwind from external responsibilities and aspects.¹²⁷ A participant backed this by saying, “When I had a stressful day, I would just chill and watch a streamer.” Although this group reported interest in communicating with individuals on Twitch who shared a common interest in video games, they did not prioritize connections with other viewers or streamers.¹²⁸ Second, there are *antisocial viewers* who use Twitch for gaming entertainment and reject social interactions. These participants have no desire to support or interact with streamers or viewers. One user stated, “I want the gameplay experience in a game.” “I’m not searching for the streamer’s personality. Their personality is immaterial to me. I like to watch someone play the game without any commentary since I don’t want to be bothered by other people’s opinions.”¹²⁹ According to them, Twitch should be used for entertainment purposes only, not for socializing, learning or supporting streamers. Also, the participants reported that when they feel like watching Twitch, they rather search for videos based on the game being played, rather than the streamer. *Loyal Lurkers*, on the other hand, consume a variety of content related to their favorite streamers but do not engage with others. One participant stated, “When I can’t watch Twitch live, I go back and watch all the VODs (video on demand) of my favorite streamer.”¹³⁰ The last category includes people who use the platform to create and support social communities with other streamers and viewers, namely *the social viewers*. They value the platform’s live and interactive features, as seen by high scores for statements such as “I love to interact with my favorite streamers” and “I like that streams are live because I can react and interact with them in real-time.” A participant described the viewer-streamer interaction as “feeling [like] you’re hanging out with friends and playing a game,” highlighting the importance of social engagement in this community. “I think I view Twitch most as a community, you meet new people that are similar to you, you get to make friends, you get to support each other.”¹³¹ Summing up, they prioritize online relationships, including those between viewers, streamers, and fellow viewers.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *Id.*

According to research, parasocial ties are a powerful predictor of audience support. This parasocial contact is enhanced when a streamer directly acknowledges a viewer. However, as stated earlier, not every viewer desires such interaction. Many people prefer to watch streams passively, seeking pleasure and leisure without having to participate actively or interact socially. Streamers on Twitch have a unique capacity to interact with their audience in a way that feels more genuine and approachable than mainstream celebrities. This perceived authenticity enables more viewers to create parasocial relationships, whether through direct chat or by merely observing.

Lastly, it can be stated that Twitch viewers are motivated by both the social side and the possibility to acquire new gaming techniques. The platform's social elements, such as chat functions, not only help to develop communities, but they also promote increased viewership and cash contributions for streamers.

5. The making of Twitch Star “Ninja”

Tyler "Ninja" Blevins has seen a dramatic rise to prominence in the dynamic world of live video game broadcasting, establishing himself as a cultural phenomenon inside the digital landscape. His rise from competitive gamer to Twitch streaming icon illustrates not only his personal success, but also the revolutionary impact of streaming platforms in the entertainment sector. This chapter explores the strategic, personal, and environmental elements that contributed to Ninja's success, offering insights into the emerging industry of live streaming as a viable career pursuit.

His rise to gaming prominence started in his family's living room, where his father's love for video games had a significant impact on him. Since a young age, Ninja's father cultivated in him and his siblings not only a passion for gaming but also a competitive mindset that was fostered within the walls of their household. According to his nostalgic memories, the family's initial gaming consoles were seemingly intended for the children, but it was actually their father who would dedicate numerous hours every night to exploring the virtual worlds.¹³² Ninja's initial educational setting was this atmosphere, where he acquired the fundamental principles of gaming, recognizing its value not just as a source of amusement but also as a prospective profession. Ninja's mother also played a crucial part by implementing a well-organized routine that effectively matched gaming with scholastic and athletic pursuits.¹³³ The guideline was

¹³² Montag, A. (2018, March 20). How this 26-year-old went from working at a fast food joint to making \$500,000 a month playing video games. <https://www.cnbc.com/2018/03/20/tyler-ninja-blevins-from-working-at-noodles-co-to-twitch-gamer.html>

¹³³ Teng, E. (2018, September 18). Fortnite legend Ninja is living the stream. ESPN.Com.

straightforward yet stringent: for each hour dedicated to gaming, an equivalent duration had to be allocated to outdoor activities.¹³⁴ Ninja's commitment to this discipline guaranteed that his enthusiasm for gaming was counterbalanced by a healthy lifestyle and strong academic achievements. His ability to maintain a balanced approach helped him stay grounded, even as his skill in the gaming industry started to become apparent.

The true testing ground for Ninja's developing abilities was the family's intense competitions on Halo, which was debuted in 2001. Although Ninja was the youngest and was considered too young to participate by his siblings, he swiftly exceeded their expectations and abilities, frequently asserting his dominance in the games they played collectively. This was not merely a case of sibling rivalry; rather, it marked the initial development of a formidable competitor who would subsequently achieve dominance on global leaderboards. The acknowledgment from his brothers regarding his exceptional dedication and natural aptitude for gaming significantly influenced his initial development as a gamer. At the age of 17, Ninja was prepared to transition from recreational gaming to the more organized realm of competitive esports. His first participation into the Halo 3 not only marked his debut in the world of professional gaming but also served as a proclamation of his future aspirations.¹³⁵ This experience was enlightening—he recognized the potential for not just achieving excellence in competitions but also earning significant financial rewards through gaming. Recognizing that gaming had the potential to be more than a mere hobby, but a feasible profession, was a pivotal moment. During Ninja's transition from high school to college, he found himself balancing his time between academics, a part-time job, and gaming. He structured his days precisely, allocating time for school, job at Noodles & Company, and streaming.¹³⁶ This pattern required him to work for more than 40 hours per week, in addition to his college schoolwork and competitive gaming.¹³⁷ This era was crucial in cultivating a professional ethic towards gaming, regarding it with the weight of a profession even prior to its formalization as such.

Ninja's dedication to gaming became profitable when he made the decision to pursue a professional career. By 2011, when he was approximately 18 years old, he had gained recognition in the competitive Halo community and had also recognized the possibilities of live streaming as a means to further his gaming career. The decision to begin streaming was

http://www.espn.com/espn/feature/story/_/id/24710688/fortnite-legend-ninja-living-stream

¹³⁴ *Id.*

¹³⁵ *See supra note 133.*

¹³⁶ *See supra note 133.*

¹³⁷ Cook, A. (2018, March 23). Record-breaking streamer Ninja talks Fortnite tips, Switch and Drake [Red Bull]. Games. <https://www.redbull.com/in-en/tyler-ninja-blevins-fortnite-interview>

motivated by the desire to generate income from his abilities beyond the earnings received from professional gaming. Streaming provided a medium for generating income and establishing a personal brand, which Ninja promptly took advantage of. He made a strategic choice to go from the competitive circuits of esports to a focused streaming career, motivated by both his love and practicality. Ninja, aware of the finite duration and uncertainty of income in professional gaming, viewed streaming as an opportunity to utilize his abilities and charisma to establish a more enduring job. This transition was well-timed, as it aligned with the growing popularity of live streaming services, namely Twitch, which was quickly becoming a significant element of gamer culture worldwide.¹³⁸ Ninja's ability to anticipate and take advantage of Twitch's expanding platform enabled him to engage with a broader and more varied audience, paving the way for unparalleled advancement in his professional trajectory. His capacity to captivate viewers with his charming gameplay and dynamic personality revolutionized streaming, elevating it from a simple extension of gaming to a distinct spectacle that drew in a substantial audience. The launching of Fortnite in 2017 was a pivotal moment for Ninja. His quick adoption of the game, marked by his skilled gameplay and lively commentary, established him as a prominent personality in the Fortnite community while the game was rapidly gaining worldwide popularity. Ninja's streams not only provided amusement but also became a cultural phenomenon, attracting people who were fascinated by his exceptional abilities and contagious excitement. The pivotal moment occurred when Ninja live-streamed a game of Fortnite alongside Drake, Travis Scott, and JuJu Smith-Schuster. This event not only broke previous records for viewership on the Twitch platform but also showcased the significant potential for collaboration between the gaming industry and popular entertainment. This event was crucial, since it demonstrated the degree to which gaming had infiltrated popular culture and emphasized Ninja's role as a significant catalyst of this merging.

His impact extends beyond his accomplishments in streaming; he has played a crucial role in establishing the cultural landscape surrounding gaming and digital entertainment. Ninja, being one of the first gamers to achieve worldwide recognition, has played a significant role in changing the perspective of gaming from a hobby to a highly regarded and financially rewarding professional path. Not only has he motivated several gamers to seek professional streaming, but he has also garnered substantial attention from large corporations and media sources, thereby further incorporating gaming into mainstream culture. In addition to his professional achievements, Ninja's humanitarian endeavors, which involve substantial

¹³⁸ Rohde, P. The Stories Told in Professional Video Game Live Streaming: What Does It Mean To Be a Professional Video Game Streamer? A Case Study of the Most Popular Twitch-Streamer Ninja.

contributions to charitable causes and active support for raising awareness about mental health, highlight his dedication to making a beneficial impact on the surrounding community. His legacy is defined not only by his accomplishments on the streaming platform, but also by his influence on social perspectives surrounding gaming and the development of digital content. Ninja's diligence is a fundamental pillar of his triumph. As of now he has 19 million followers on Twitch and 23,9 million subscribers on YouTube. According to the latest data, the content creator's net worth in 2024 is \$40 million.¹³⁹ Undoubtedly, the professional gamer has acquired his fortune through the previously stated streaming platforms, where he has gathered an immense following that enthusiastically watches his extensive gameplay recordings. His schedule, which usually involves streaming for more than ten hours a day, demonstrates his unwavering commitment to his profession and his viewers. The carefully organized schedule devised with his wife, Jessica, who also serves as his manager, has played a vital role in effectively handling the requirements of his profession.¹⁴⁰ Ninja has a systematic approach that includes careful scheduling of streaming hours, generating material, and actively engaging with the audience. This enables him to maintain a high level of efficiency while simultaneously allocating time for personal connections and overall well-being. Despite the tremendous pressure and rigorous schedule, Ninja has always highlighted the significance of deriving pleasure from the process, asserting that his passion for gaming and engaging with his audience renders the difficult components of his profession meaningful. The combination of professional rigor and personal joy has played a crucial role in preserving his career and upholding his mental and emotional well-being. Ninja's adeptness in utilizing social media has played an important part in the growth of his brand and the implementation of methods to engage with his audience. Through proactive management of his online presence on several platforms, he effectively maintained the interest of his followers by consistently providing them with updates, exclusive glimpses into the behind-the-scenes aspects of his work, and intimate reflections on his personal life and ideas (*see Figure 5*).

His regular online presence not only strengthened his connection with fans, but also expanded his influence outside the gaming world. In addition, Ninja's calculated presence in popular media outlets, including appearances on prominent network talk shows and partnerships with celebrities from various fields, served to connect the realm of esports with more conventional

¹³⁹ Watcher Guru. (January 25, 2024). Ninja net worth in 2024. Retrieved from: <https://watcher.guru/news/ninja-net-worth-in-2024#>.

¹⁴⁰ Smith, D. (2018, August 16). Meet Jessica Blevins, the 26-year-old wife and manager of the most popular video-game player in the world right now. Business Insider. <https://www.businessinsider.com/jessica-blevins-tyler-ninja-interview-2018-8>

entertainment businesses. These appearances not only familiarized a wider audience with streaming and esports, but also established their credibility within the broader entertainment business, hence creating opportunities for other gamers and streamers to imitate his success. The early years of Ninja were characterized by a diverse range of support, discipline, and passion, with each component playing a vital role in shaping his path towards becoming a popular figure on Twitch. His rise from the comfort of his own house to the worldwide platform of streaming demonstrates the significant impact that a supportive family environment, personal drive, and strategic career decisions have on becoming a prominent figure in the gaming industry. During his journey, each stage of his life deepened his comprehension of both the joys and complexities of the game industry. The transition from a competitive gamer to a worldwide recognized streaming personality underscores the transformative power of digital platforms to reshape professions and influence wider cultural dynamics. His systematic approach to professional development, together with his creative utilization of technology and media, has pushed him to the highest point of the gaming industry and greatly influenced the advancement of digital entertainment. The story of Tyler Blevins serves as a powerful example of how enthusiasm, adaptability, and constant determination can come together to greatly influence an industry and its culture. It also provides a fascinating model for aspiring content creators and digital businesses throughout the globe.

The image shows a screenshot of Ninja's Twitch profile page. On the left, there is a grid of social media links: Instagram (My Instagram feed), GameSquare (HOW TO GET \$GAME), YouTube (CHECK OUT MY LATEST VIDEO), Twitter (STAY UP TO DATE), and Discord (JOIN THE COMMUNITY). Below these is a 'THE RULES' section with a list of guidelines for viewers. In the center, there are promotional banners for 'AFK WITH NINJA' and 'NUTCASE 05.01 2024'. On the right, a chat window is visible with various messages from viewers, including donations and chat interactions.

My Instagram
1,746 posts 12,270K followers 336 following

AFK WITH NINJA

HOW TO GET \$GAME
GAMESQUARE

NUTCASE
05.01 2024
WWW.DRINKNUTCASE.COM

MERCH

AFK WITH NINJA

YOUTUBE
CHECK OUT MY LATEST VIDEO

TWITTER
STAY UP TO DATE

DISCORD
JOIN THE COMMUNITY

THE RULES

- Be positive & helpful to other viewers.
- Be respectful to moderators.
- Do not self promote!
- Do not ask to play with Ninja.
- Do not ask Ninja to play with other streamers.
- Do not disrespect other streamers or create drama between streamers.
- Do not ask Ninja to play a clip, song, or game.
- Jokes about mental disorders will result in a ban.
- Racism or discrimination will result in a ban.
- English only.
- Avoid religious & political discussions.
- No trading or selling of online accounts or currency.

CHAT DELLO STREAMING

160 gamepawer... 50 vikrant1...

Co 5.000 Mr 7.000

Coin Flip Tails
455,506 a Reso... Vedi dettagli

tobyto3
si è abbonato al livello 1. Si è abbonato per 2 mesi!

Cawrhy: See, trust.

Nightbot: NEW NINJA STORE @ www.teamninja.com/twitch

xCFWarrior: He gets lunch breaks haha

Cawrhy: tails literally never fails

JoshBlue0520: Phew @cawrhy

PrimeOfPrunedale: never fails

JoshBlue0520: I come from a land down underrrr

tobyto3: Long stream today???! Love it!

Cawrhy: Even if the coin technically lands on "heads" (whatever that means), it's just a practice in delayed gratification for when tails inevitably never ends up failing.

Puoi disabilitare le emoticon animate da Impostazioni Mostra

Modalità lenta

Invia un messaggio

Figure 5. Ninja's Twitch Profile.

(Source: Twitch.tv)

CHAPTER III

Shaping the Future of Twitch and Esports Through Community Insights

The survey created for this thesis aimed to gather extensive information on Twitch's community dynamics, platform advancement, inclusion initiatives, and corporate social responsibility (CSR) undertakings. The study was carried out through an online platform, such as Google Forms, which enabled convenient distribution and effective data gathering. The sample for this study comprised Twitch users from different age groups and genders in order to ensure an extensive range of opinions. The survey encompassed a range of questions, including both multiple-choice and open-ended formats. These questions explored many aspects, such as user engagement, perceptions of inclusivity and diversity, and thoughts of Twitch's corporate social responsibility initiatives. The survey included targeted inquiries regarding the frequency of participants' usage of Twitch, their preferred functionalities, their recommendations for enhancements, and their perspectives on the platform's social impact activities. The survey was designed to be succinct yet thorough, and it required around 10 minutes to do. The specified duration was selected to accommodate the responders' time constraints while also ensuring the collection of significant data. The main objective of the questionnaire was to establish a foundation for this thesis using actual user data, thereby offering a strong basis for understanding how Twitch's present strategies are perceived by its user base. The purpose of the study is to provide realistic, user-centered recommendations for Twitch's continuous development and strategic planning, namely in improving user experience and the platform's societal influence. These insights should serve to enhance both academic knowledge and practical enhancements in Twitch's operations and community engagement initiatives.

1. User engagement and Platform Development

The conducted survey delivers a clear and informative overview of Twitch's user demographics and provides useful insights into how users interact with the platform, specifically in terms of user engagement and desired enhancements.

It was presented to a group of 54 students falling between the ages of 18 and 24 (*See Figure 6*). I specifically asked the students to answer the survey only if they are Twitch users. 16 of them responded, and it was mandatory to answer almost every question. This age group is known for their advanced knowledge and skills in technology and makes up a substantial proportion of Twitch's engaged user population.

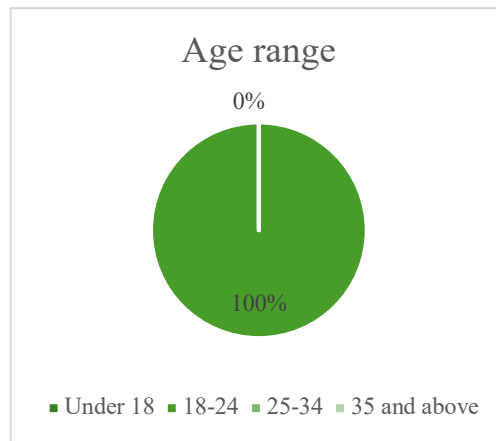


Figure 6. Classification for age range. Source: Own elaboration.

However, it is crucial for future studies to investigate a more diverse range of demographics in order to gain a comprehensive understanding of the platform's global audience. Both male and female participants took part, emphasizing the wide popularity of Twitch among different genders (See Figure 7).

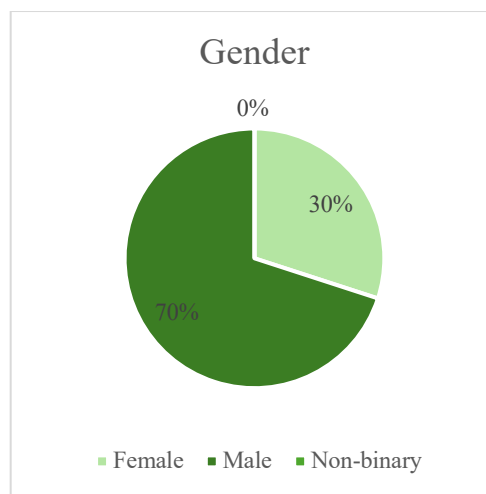


Figure 7. Classification for gender. Source: Own elaboration.

The replies suggest that Twitch has a strong hold on its users, with a significant number of them actively using the network multiple times per week (See Figure 8).

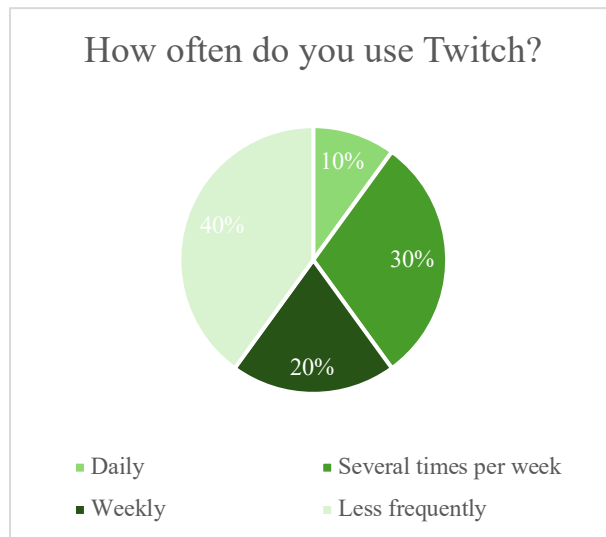


Figure 8. User frequency of Twitch engagement. Source: Own elaboration.

The extent of user involvement indicates a profound incorporation of Twitch into their everyday schedules and preferences for entertainment. The frequency with which these young adults utilize streaming services indicates the notable influence that such platforms have in modern media environments, especially within the gaming community. Additionally, a significant proportion of users reported everyday engagements, highlighting the significance of Twitch not just as a platform for occasional enjoyment, but also as a consistent medium for consuming content. Most responders, use Twitch to watch live streams, to stream and to follow channels. No participant reported to use Twitch for its chat functions or donations (*See Figure 9*).

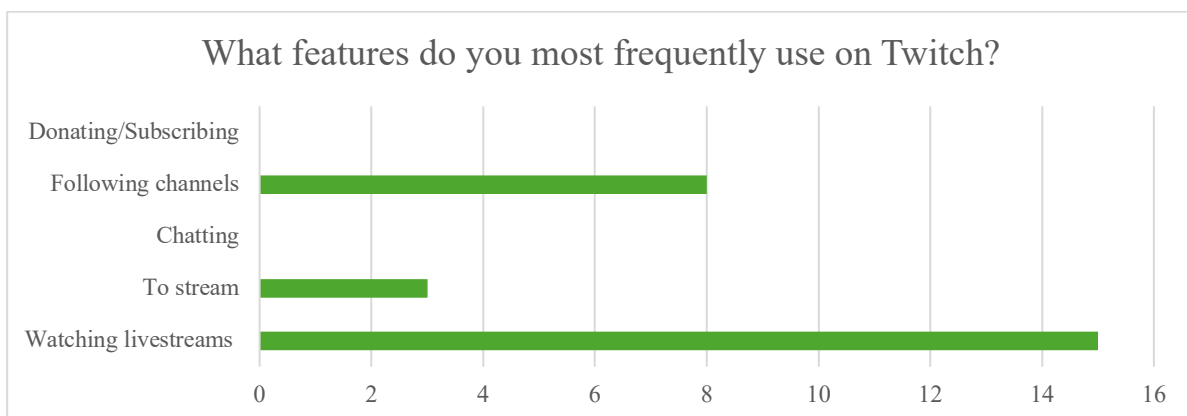


Figure 9. Preferred features of Twitch usage. Classification: Own elaboration.

The research indicates a significant degree of satisfaction with Twitch's fundamental features, specifically the ability to stream live content and follow channels, which are essential components of the platform's user experience. Nevertheless, despite the platform's notable

advantages, users have voiced their wish for enhancements in various aspects. A frequent complaint among the replies is the problem of intrusive advertisements. Users strongly prefer a viewing experience that minimizes interruptions, especially advertisements that come before live streaming content. This feedback is vital for Twitch as it seeks to strike a balance between generating revenue and providing a positive user experience. It suggests that reevaluating the placement and frequency of advertisements could improve viewer happiness. Users have strongly indicated their need for additional customization choices, including the ability to customize profile themes and backgrounds. This implies that customers are desiring a customized and aesthetically appealing experience that mirrors their unique likes and preferences. Incorporating these functionalities has the potential to greatly improve user involvement and satisfaction, transforming the platform into more than just a content consumption space, but also a personalized online environment. Another notable revelation from the poll is the want for increased prominence and assistance for small streamers. Participants expressed that they not only like but also desire to identify and nurture emerging talent as a means of progress. This indicates that the community places importance on having a variety of content and is enthusiastic about exploring content creators that are not well-known broadcasters. Twitch should contemplate improving its algorithms or establishing featured areas to boost the visibility of up-and-coming streamers, thereby cultivating a livelier and more inclusive streaming ecosystem. Lastly, a small portion of the responders wishes for a closer user-streamer relationship. In order to deepen the relationship between streamers and their audience on Twitch, the platform might enhance interactive tools such as advanced chat capabilities and viewer engagement events, as well as update streamer dashboards to provide more insight into the audience. In addition, the implementation of individualized viewer experiences and loyalty schemes would enhance engagement and cultivate a stronger sense of community.

In general, the poll highlights a user base that is quite involved and values the distinctive features of Twitch. However, they also express a desire for specific enhancements that may improve their experience. By addressing these concerns, Twitch has the potential to not only enhance customer satisfaction but also solidify its place as a prominent platform in the digital entertainment sector. Twitch can enhance its ability to cater to its dynamic and expanding community, assuring its ongoing success and significance in the streaming market, by consistently adjusting to user feedback and developing its services.

2. Corporate Social Responsibility (CSR) at Twitch

Twitch's commitment to Corporate Social Responsibility (CSR) through initiatives like the "Together for Good" campaign demonstrates a significant investment in community engagement and social impact. Twitch's "Together for Good" campaign showcases the company's dedication to charity by motivating streamers to participate in fundraising events. During specified time periods, streamers have the option to choose charities to endorse, and Twitch amplifies these endeavors by matching donations, effectively increasing the influence of the community.¹⁴¹

However, the survey data collected indicates that awareness of Twitch's CSR efforts among users is not as widespread as it could be (see *Figure 10*).

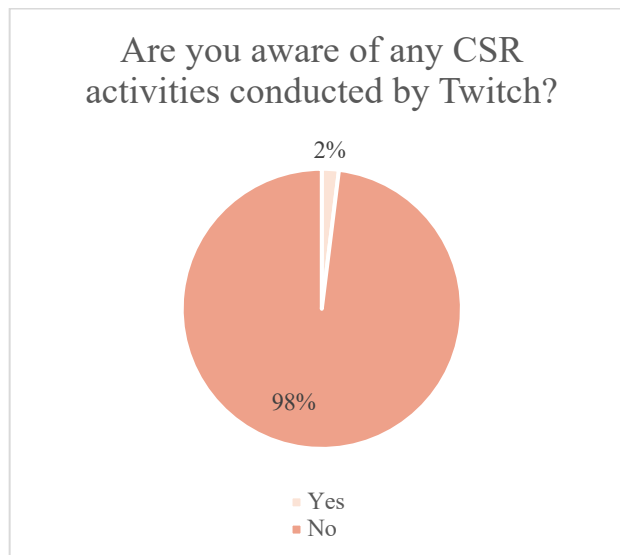


Figure 10. Awareness of CSR activities conducted by Twitch. Source: Own elaboration.

This lack of awareness potentially undermines the effectiveness of these initiatives in enhancing brand loyalty and trust, which are critical components of customer retention and corporate reputation. The data suggests a direct correlation between awareness of CSR activities and user engagement levels (see *Figure 11*). Users who are aware of Twitch's CSR efforts tend to view these initiatives as important, suggesting that better communication could further enhance user support, possibly increasing financial contributions through subscriptions or donations. This

¹⁴¹ Twitch. (2023, November 21). Together for Good [Blog post]. Retrieved from: <https://blog.twitch.tv/en/2023/11/21/together-for-good/>.

finding aligns with CSR communication theory, which proposes that transparent and effective communication can significantly enhance stakeholder engagement and loyalty.¹⁴²

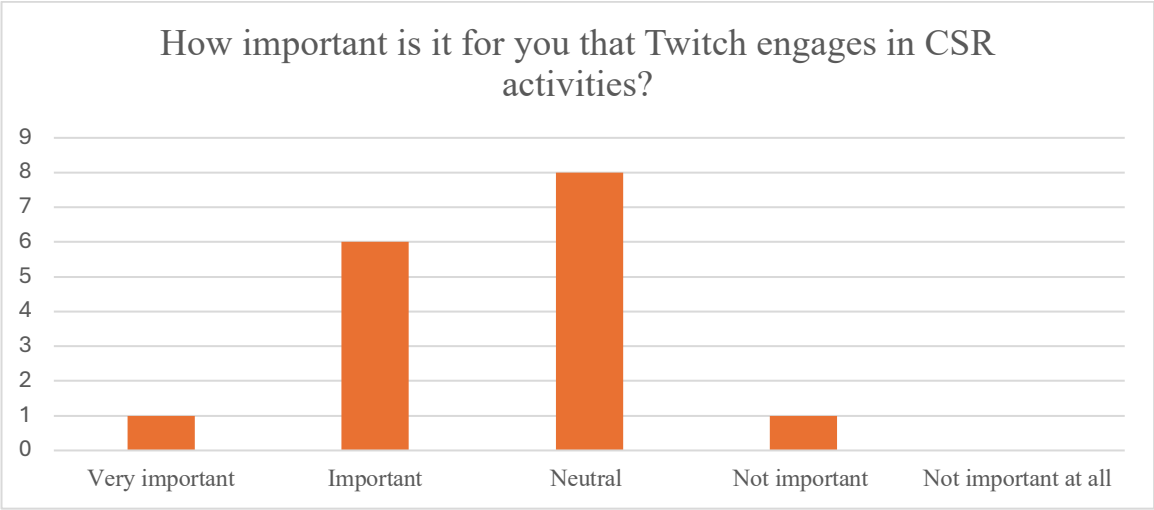


Figure 11. Importance of CSR engagement by Twitch. Source: Own elaboration.

Yet, the survey responses depicted in Figure 12 suggest a pronounced polarization in how Twitch users might react to enhanced CSR efforts: while there is a significant contingent of users who would be very likely or not likely at all to increase their support, the largest segment remains neutral. This indicates an opportunity for Twitch to influence the substantial neutral group through targeted CSR communications and initiatives that clearly articulate the benefits and impacts of increased CSR activities.

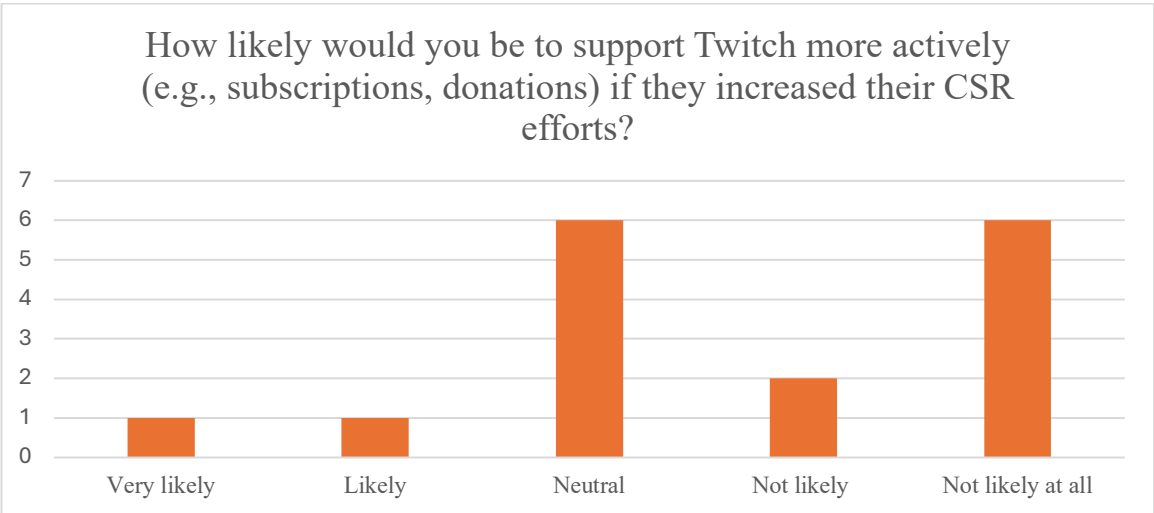


Figure 12. User activity in relation to CSR on Twitch. Source: Own elaboration.

¹⁴² Morsing, M. and Schultz, M., 2006. Corporate social responsibility communication: stakeholder information, response and involvement strategies. *Business Ethics: A European Review*, 15(4), pp.323-338.

A significant number of responders commend the site for its active involvement in social causes, especially during significant occasions such as TwitchCon. Nevertheless, a substantial proportion of the user base proposes that Twitch should enhance its communication regarding the results and continuous endeavors of its corporate social responsibility activities. This feedback highlights a discrepancy between Twitch's actions and the community's knowledge or perception of these activities, suggesting a need for strategic improvement. Based on extensive survey feedback, they advocate for implementing many strategic improvements to strengthen Twitch's corporate social responsibility (CSR) impact. To close the divide between CSR operations and community awareness, Twitch should adopt more effective and clear reporting procedures. This may encompass comprehensive yearly CSR reports and frequent updates via community forums and social media platforms, enabling people to monitor the advancement and influence of ongoing projects. Involving the community in the process of choosing and organizing CSR initiatives can greatly enhance participation and dedication. Twitch can implement a platform feature that enables users to propose, deliberate, and vote on prospective corporate social responsibility (CSR) initiatives, thereby fostering a more democratic and user-centric decision-making process.

When analyzed through the lens of stakeholder theory, Twitch's strategies reveal a partial engagement of its community. Stakeholder theory suggests that all stakeholder interests should be considered and integrated into corporate strategies for optimal CSR effectiveness.¹⁴³ Twitch's current CSR communication appears to engage primarily active community members, such as streamers and regular viewers, but may not reach casual viewers or external stakeholders effectively. This suggests a need for broader communication strategies to encompass all user demographics. Moreover, the theory of corporate social performance (CSP) provides a framework for integrating social responsibilities into the core business operations and strategies of a company.¹⁴⁴ For Twitch, this might involve more strategic integration of environmental sustainability measures with its primary operations, such as incentivizing green streaming practices or promoting digital events that contribute to carbon offset programs.

Comparative analysis with industry peers such as YouTube Gaming reveals different emphases in CSR approaches. YouTube Gaming, backed by Google's robust sustainability initiatives, has made significant strides in reducing its environmental impact, a key component of its CSR

¹⁴³ Freeman, R.E., 1984. *Strategic Management: A stakeholder approach*. Boston: Pitman.

¹⁴⁴ Carroll, A.B., 1979. A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), pp.497-505.

strategy.¹⁴⁵ Twitch, in contrast, has focused more on community engagement and less on environmental issues, which presents an opportunity for growth. From YouTube Gaming, Twitch can adopt practices such as the transparent reporting of environmental impacts and the integration of sustainability goals into its business operations. For example, YouTube's annual environmental reports provide a model for how Twitch might also transparently communicate its CSR achievements and challenges.

For Twitch to continue progressing, it is essential to incorporate sophisticated corporate social responsibility practices that effectively involve and represent its worldwide audience. Twitch can solidify its position as a socially responsible leader in the digital entertainment sector by improving transparency, adopting community-driven projects, increasing support for diversity, and maintaining a responsive feedback system. These endeavors will not only improve Twitch's business reputation but also contribute to a more comprehensive and friendly online community, thereby strengthening its dedication to constructive social influence in the digital era.

3. Inclusion and Diversity on Twitch

Twitch has implemented various proactive efforts aimed at fostering an inclusive environment. TwitchCon plays a crucial role in fostering diversity and inclusiveness. The event features panels and workshops focused on promoting discussion on inclusivity within the gaming industry, showcasing Twitch's dedication to establishing a nurturing atmosphere for all players.¹⁴⁶ In addition, Twitch's community norms explicitly forbid harassment, ensuring a secure environment for all users to interact, regardless of their background.

The study shows a range of perspectives regarding Twitch's endeavors to promote inclusivity. While some members of the community feel adequately represented and appreciate the diversity programs, there is a significant portion that argues for increased efficacy and more significant outcomes (*See Figure 13*). This emphasizes a disparity between Twitch's aims and the community's experiences, indicating areas that require additional attention. By increasing the visibility and effect of these initiatives, they can bridge the gap and create a more inclusive platform.

¹⁴⁵ Google Environmental Report, 2022. [Online] Available at: <https://www.gstatic.com/gumdrop/sustainability/google-2022-environmental-report.pdf>.

¹⁴⁶ TwitchCon. (2024). Event Activities [Webpage]. Retrieved from: <https://www.twitchcon.com/san-diego-2024/event-activities/>.

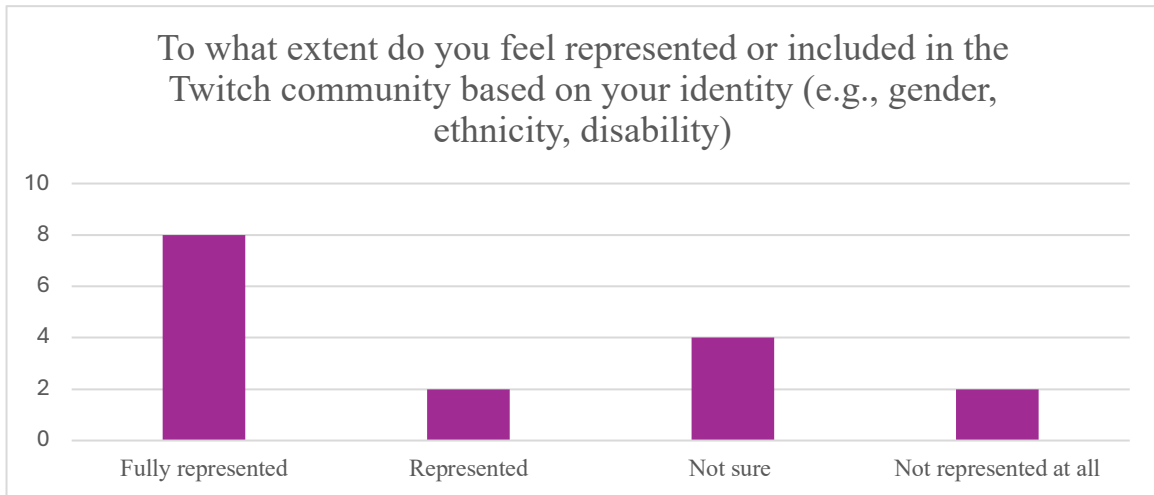


Figure 13. Perceived representation within the Twitch Community. Source: Own elaboration.

Other data retrieved from the survey shows that Twitch’s diversity and inclusion efforts have received a combination of positive and negative feedback (*See Figure 14*). Around 30% of the participants in the survey think that Twitch effectively promotes diversity and inclusion, while another 30% believe that the efforts in this area are poorly executed or very poorly executed. The remaining 40% view the efforts as adequate or are uncertain about their opinion. The existence of diverse opinions indicates a complex situation where Twitch's efforts are successfully reaching certain segments of the community, while others remain uninvolved or uninformed.

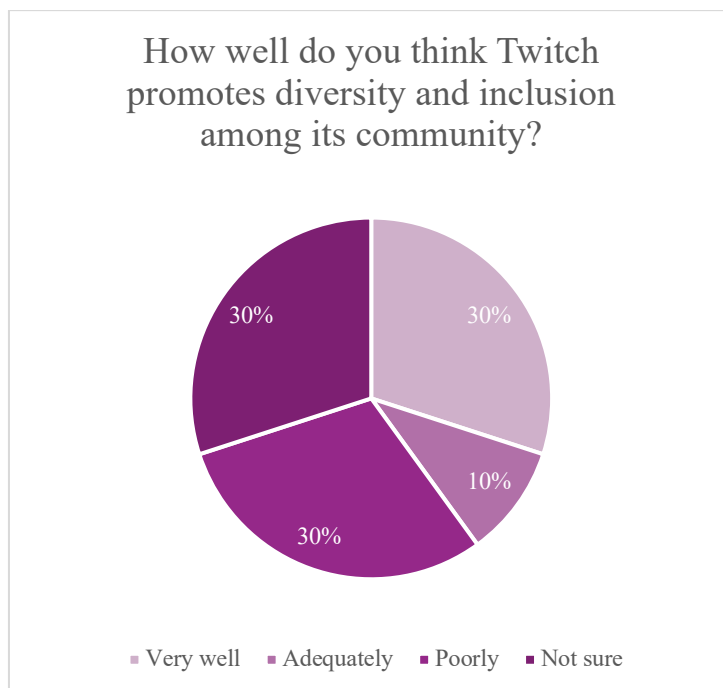


Figure 14. Effectiveness of Twitch’s promotion of diversity and inclusion. Source: Own elaboration.

In addition, only 10% of the participants have actively taken part in or watched streams related to diversity and inclusion initiatives on Twitch, which indicates a possible lack of knowledge or interest in such content (See Figure 15). This highlights an opportunity for Twitch to improve the prominence of its diversity and inclusion programs.

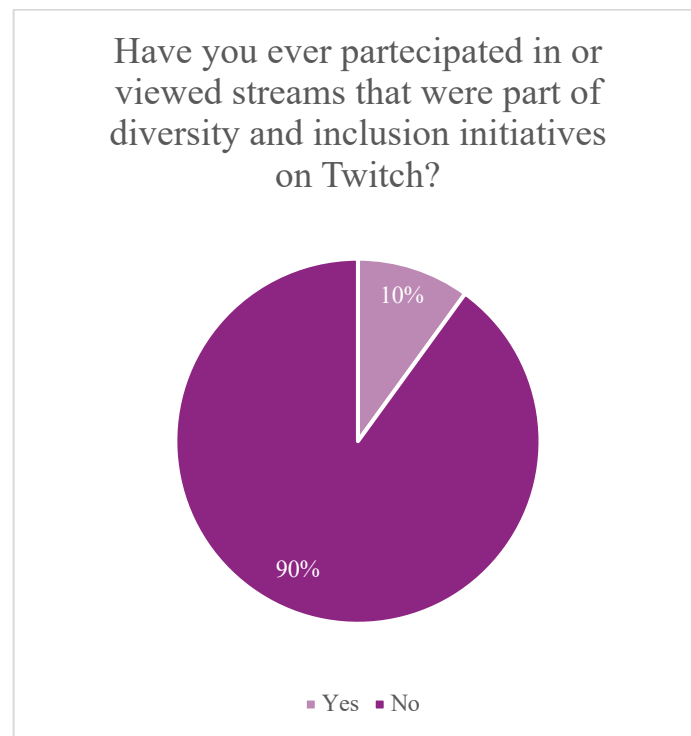


Figure 15. Participation in Twitch’s diversity and inclusion initiatives. Source: Own elaboration.

The users' feedback indicates various strategies that Twitch can implement to improve its diversity and inclusion efforts. Suggested actions involve organizing campaigns that engage streamers to endorse diversity and inclusion, as well as showcasing a greater amount of content from underrepresented groups. On the other hand, some users expressed their opinion that the platform should not have the authority to determine and enforce diversity and inclusion standards. They indicated a preference for a more natural and community-driven approach to promoting inclusivity.

As a way of enhancing a strategy for diversity and inclusion, Twitch could implement a range of tactical improvements by incorporating community feedback. First, they could increase the prominence of its diversity and inclusion initiatives by creating a dedicated portal on its website

to share updates on these important endeavors. This platform could serve as a centralized hub for the dissemination of success stories, highlighting forthcoming events with a focus on diversity, and providing comprehensive information on opportunities for engagement within the Twitch community. Second, the platform could implement a structured procedure to gather and integrate community feedback, which has the potential to greatly transform Twitch's diversity strategies. They could obtain ongoing, up-to-date information by conducting regular surveys, maintaining active community forums, and providing open feedback channels. This would enable the platform to adjust and improve its initiatives according to user expectations and experiences. Lastly, Twitch could establish customized support initiatives for content creators from underrepresented groups in order to effectively turn their dedication to diversity into tangible results. This assistance might come in the form of financial aid, promotional initiatives to increase visibility and exclusive opportunities to be showcased during broadcasting. By incorporating these strategies, which are based on direct user feedback and supported by survey findings, Twitch could improve the overall user experience on the platform and emphasize its commitment to its diverse user base, fostering a greater sense of loyalty and satisfaction among its global community.

Moreover, the impact of Twitch's role in promoting diversity and inclusion is significant because it grants access to esports for individuals who may encounter physical obstacles in conventional sports environments. Individuals with disabilities often face substantial obstacles to participating in traditional sports due to the physical demands and accessibility challenges involved. Nevertheless, the virtual nature of esports, enabled by platforms such as Twitch, provides a more readily available option. Twitch allows individuals with mobility impairments or disabilities to engage in both viewing and competing in the virtual gaming arena. Twitch's streaming services enable the utilization of adaptive technologies that enhance the accessibility of gaming. Players with disabilities can achieve high levels of competition in esports thanks to the use of customizable controllers, voice recognition software, and other assistive devices. The platform's chat and interaction features facilitate a strong social experience, promoting inclusivity and a sense of community for individuals of all physical abilities. Twitch's provision of an environment that reduces the impact of physical limitations is actively contributing to the transformation of esports into a more inclusive realm. The inclusivity on Twitch goes beyond just allowing disabled gamers to participate. It also involves providing visibility and representation for these gamers, who can utilize Twitch as a platform to demonstrate their abilities and challenge societal assumptions about disability. Integrating the consideration of accessibility into Twitch's CSR framework should be prioritized strategically. Their support for

disabled streamers and viewers demonstrates a commitment to inclusivity and simultaneously broadens its audience and enhances the esports ecosystem by incorporating a wide range of experiences and perspectives. Some suggestions for Twitch regarding accessibility, could be to allocate resources to further develop and advocate for accessibility features on its platform, guaranteeing that all users, regardless of their abilities, can actively participate in content. In addition, engaging in partnerships with organizations that promote the rights of disabled individuals could offer Twitch valuable insights and knowledge to improve the accessibility and inclusivity of its platform. Twitch can strengthen its dedication to inclusivity by actively pursuing these initiatives, thereby guaranteeing that esports is accessible and enjoyable for all people. Participating in esports through Twitch is not just a recreational activity; it is an empowering experience that can significantly affect the lives of individuals with disabilities, providing them with the visibility and acknowledgment they rightfully deserve within the gaming community.

4. The Role of Augmented and Virtual Reality

Twitch, being a leader in digital innovation in the entertainment industry, is expected to integrate augmented reality (AR) and virtual reality (VR) into its platform. This evolution is eagerly anticipated by its user base. The incorporation of these technologies has the capacity to redefine the domains of interactivity and immersion that Twitch can provide to its worldwide audience.

The survey revealed that a significant majority of participants, accounting for approximately 60% of responder, expressed their strong desire for the introduction of AR and VR technologies on Twitch (*See Figure 16*).

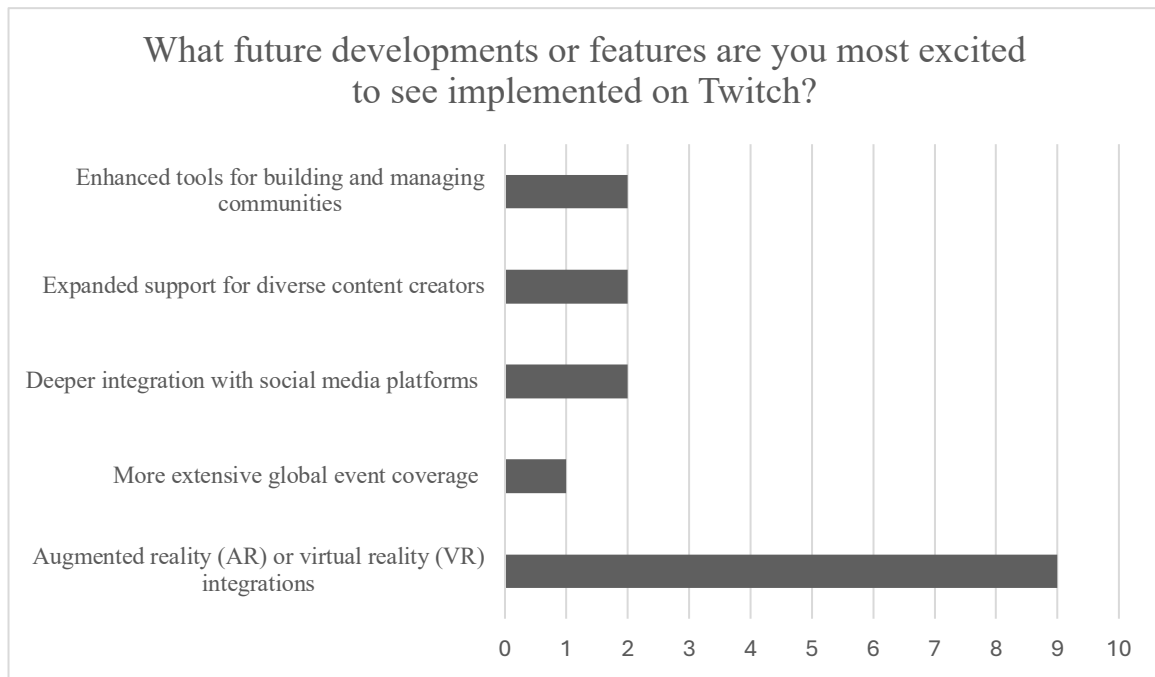


Figure 16. Projected developments for Twitch. Source: Own elaboration.

This enthusiasm reflects a growing trend in the digital community, where there is a strong desire for experiences that go beyond traditional viewing. This is because people are looking for a more interactive and immersive way to enjoy content.

Although Twitch is well-known for its ability to stream live content, the incorporation of AR and VR technology has the potential to greatly enhance user interaction and take the platform to new levels of engagement. Augmented reality has the potential to completely transform the way viewers interact with live streams. It enables the integration of three-dimensional graphics onto the real world, resulting in a more dynamic and immersive experience for viewers. Virtual Reality, in contrast, offers a complete and immersive experience, allowing users to directly enter and interact with game environments and virtual worlds.

The incorporation of AR and VR on Twitch is positioned to significantly revolutionize user experiences. Picture a situation in which viewers wear augmented reality glasses to observe digital enhancements or statistics hovering next to the live stream or wear a virtual reality headset to join a streamer in a virtual arena, immersing themselves in the game as if physically present. These technologies offer the potential for transforming passive viewing into an interactive and engaging experience.

Twitch's effort to integrate augmented reality and virtual reality will inevitably face numerous technical and accessibility challenges. First, the streaming of VR content necessitates strong and responsive internet connections to avoid motion sickness and guarantee a smooth and

uninterrupted experience. In addition, augmented reality applications necessitate sophisticated recognition algorithms to seamlessly incorporate digital information into the real world with credibility. Despite these hurdles, there are numerous opportunities available. The immersive characteristics of augmented reality and virtual reality have the potential to cultivate a more profound sense of community and engagement among Twitch users. These technologies could be utilized by content creators to create exceptional streaming experiences, which could result in a new era of content on Twitch. This, in turn, could potentially enable the development of innovative revenue models and partnerships, especially with technology companies that specialize in AR and VR. Furthermore, Twitch has the potential to utilize augmented reality and virtual reality for purposes beyond mere entertainment. These technologies have the potential to be used for educational purposes, enabling users to acquire new gaming strategies or delve into topics in a visually immersive and captivating way.

Twitch is on the verge of a technological revolution that has the potential to strengthen its position as a frontrunner in the field of live-streaming entertainment. By leveraging the enthusiasm indicated by the survey findings, Twitch could lay a pathway for an innovative arena of digital engagement. In the foreseeable future, it is possible that Twitch streams will evolve from being mere videos on a screen to becoming immersive, three-dimensional experiences that viewers can actively engage with in real-time. This advancement will mark a significant milestone for the platform and its community.

5. Conclusions and Future Directions

The analysis of the results retrieved from the survey examines the crucial aspects of corporate social responsibility, inclusion and diversity as well as technology adoption. The discovered insights offer a comprehensive perspective on Twitch's strategic position and lay the groundwork for future improvements that align with user expectations and industry norms.

The survey's findings on user engagement and desired platform development underscore the crucial role that Twitch plays in the daily lives of its mainly young audience. The demand for enhanced advertising strategies and stronger support for up-and-coming streamers highlights areas where Twitch can intervene to increase user satisfaction and preserve its esteemed position in the entertainment industry.

Moreover, the questionnaire reveals a discrepancy between Twitch's corporate social responsibility initiatives and the community's level of awareness. The feedback calls for increased transparency and a more cooperative approach in choosing and implementing CSR initiatives. Furthermore, it highlights the lack of user awareness regarding the environmental

consequences of Twitch. Some responders propose that Twitch's energy-intensive operations could be enhanced by investing in sustainable practices, such as utilizing renewable energy and engaging in carbon offset programs.

The discussion on inclusion and diversity reveals that while Twitch has enacted measures to encourage a diverse community, there remains a disparity in perceived efficacy. The survey recommendations include enhancing the visibility of initiatives and providing stronger support for content creators from underrepresented groups. In addition, Twitch's capacity to serve as an inclusive platform is reinforced by its capability to grant individuals with disabilities access to esports, thereby fostering greater diversity within the gaming community.

Finally, the advent of emerging technologies like augmented reality and virtual reality offers unparalleled prospects for a groundbreaking advancement in user engagement and immersion on the Twitch platform. The survey indicates a strong user interest in these integrations, which paves the way for Twitch to overcome technical obstacles and adopt these innovations. These innovations have the potential to completely transform the way content is created and viewed, further solidifying Twitch's position as a leader in the industry.

To summarize, the observations from this chapter not only depict Twitch's present position but also provide a blueprint for its strategic planning. The findings support the importance of consistently prioritizing the needs and preferences of users, taking greater responsibility for environmental impact, and maintaining a strong dedication to inclusivity. This investigation highlights the necessity for continuous research, particularly in grasping Twitch's environmental approaches and the execution of emerging technologies. The thesis argues that by implementing these user-informed suggestions, Twitch can enhance its standing as a pioneer in the industry, while also aligning its expansion with the changing dynamics of its worldwide community. The insight obtained from this chapter shed light on the path that Twitch, and esports are heading towards, emphasizing the importance of forward-thinking progress, long-term viability, and embracing diversity and excellence.

Conclusion

This thesis has conducted a detailed investigation into Twitch's transformative influence on the esports industry, revealing its substantial impact on shaping digital entertainment and community dynamics. By examining Twitch's integration into esports, innovative revenue models, and proactive community engagement strategies, this research demonstrates how Twitch has not only adapted to but also actively driven the digital entertainment revolution.

The platform has strategically exploited the growing esports market to solidify its leadership in live streaming. It has created an engaging and dynamic environment that enhances online media consumption, introducing innovative features such as interactive chat functionalities, versatile subscription options, and community-driven content, which have set new standards for digital interaction and viewer engagement.

Moreover, Twitch's adept navigation of the competitive landscape through strategic partnerships and unique content offerings has affirmed its pioneering status within the industry. This study has highlighted Twitch's commitment to shaping industry standards, particularly through initiatives in corporate social responsibility and diversity. These efforts have not only supported Twitch's corporate image but have also set benchmarks for ethical conduct and social engagement across the digital realm.

Looking ahead, the intertwined futures of Twitch and esports depend on continual technological innovation and a commitment to sustainable and equitable growth. Twitch's initiatives to enhance inclusivity, advocate for social responsibility, and leverage emerging technologies like augmented and virtual reality are poised to significantly transform the esports and broader entertainment industries.

Additionally, this section delves into the precise managerial and practical consequences that arise from the impact of Twitch on the esports sector. The purpose of these insights is to emphasize strategic lessons for enhancing the public perception of esports and to examine the competitive dynamics that may pose a threat to Twitch's present market dominance. First, the success of the platform highlights the crucial importance of groundbreaking community involvement in improving the public's image of esports. Twitch showcases the effectiveness of active engagement in creating a welcoming and inclusive atmosphere by providing a platform that promotes interaction through features such as live chats, co-streaming, and community-driven content. These approaches serve to elucidate esports for the general public, presenting it as an inclusive and captivating community rather than an individual interest. Second, Twitch emphasizes the need of upholding elevated levels of openness and professionalism in its

operating strategy. In order for esports to be recognized as a genuine and esteemed sector, it is necessary to consistently use comparable principles. This includes the transparent conduct of competitions, unambiguous disclosure of community principles, and unwavering enforcement of fair play regulations. These measures establish confidence and credibility, not just among participants, but also among external stakeholders such as sponsors and major media sources. Third, the platform has made significant progress in fostering diversity among its streams and content offerings, setting an example for other esports platforms seeking to improve their public perception. By providing support to streamers from varied backgrounds and showcasing a variety of games, we can challenge and dismantle existing misconceptions about gamers. This approach will foster a more inclusive culture that appeals to a wider audience.

Lastly, it's important to assess the extent of Twitch's control over the market and identifying potential obstacles it may face. Although Twitch now holds a dominant position in the industry, it may face competition from new players that provide revolutionary ideas or a more customized user experience. For example, a platform that provides exceptional broadcasting quality, advanced interactive features, or more efficient monetization mechanisms might potentially capture a substantial percentage of Twitch's user base. A viable strategy for new platforms is to focus on specific and specialized sectors within the larger esports market. A new participant might create a significant market presence by targeting certain genres, unexplored geographical markets, or niche viewer interests that Twitch presently does not emphasize, therefore building a dedicated following. Furthermore, strategic alliances and exclusivity play a crucial role in the competition against Twitch. To achieve a competitive advantage, new platforms might establish agreements with game publishers, get exclusive streaming rights, or collaborate with prominent esports groups and influencers to provide exclusive and compelling content to consumers. In summary, Twitch's example offers great insights for the esports business regarding community development, operational benchmarks, and diversity, all of which are essential for improving public perception and ensuring long-term success. At the same time, the possibility of new competitors using creative approaches to challenge Twitch's control emphasizes the ever-changing nature of the esports streaming industry. These insights are crucial for stakeholders who want to influence the future of esports and take advantage of possibilities in this fast-changing digital environment.

To conclude, this thesis enriches academic discourse by elucidating the mechanisms through which Twitch has revolutionized digital media consumption and community interaction, aiding stakeholders in navigating this dynamic landscape. Ultimately, this research aims to deepen our understanding of digital evolution, ensuring the continued prosperity and growth of esports as

an integral part of global digital culture. This study advocates for ongoing research into adaptive strategies that can further leverage digital platforms like Twitch to foster a more inclusive and engaging digital entertainment environment.

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