

THE DEVELOPMENT TRAJECTORIES OF THE ESPORTS INDUSTRY IN CHINA

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This article examines the rapid ascent of China's esports industry as a paramount case study in digital economic growth driven by technological adoption, innovative business models, and synergistic state policy. The analysis focuses on key innovation vectors including advanced streaming platform architectures, novel monetization mechanisms, and the formal institutionalization of esports through its recognition as a professional sport and inclusion in major sporting events. The study concludes that the Chinese model presents a unique synthesis of market-driven dynamics and strategic government support, offering valuable insights for the global digital entertainment sector.

Keywords: esports industry; China; live streaming technology; monetization models; government policy; digital economy

ТРАЕКТОРИИ РАЗВИТИЯ ИНДУСТРИИ КИБЕРСПОРТА В КИТАЕ

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В данной статье рассматривается быстрый рост индустрии киберспорта в Китае как важнейший пример цифрового экономического роста, обусловленного внедрением технологий, инновационными бизнес-моделями и синергетической государственной политикой. Анализ фокусируется на ключевых векторах инноваций, включая передовую архитектуру стриминговых платформ, новые механизмы монетизации и формальную институционализацию киберспорта посредством его признания профессиональным видом спорта и включения в программу крупных спортивных мероприятий. В исследовании сделан вывод о том, что китайская модель представляет собой уникальный синтез рыночной динамики и стратегической государственной поддержки, предложены некоторые рекомендации для мирового сектора цифровых развлечений.

Ключевые слова: индустрия киберспорта; Китай; технологии прямой трансляции; модели монетизации; государственная политика; цифровая экономика

The global esports phenomenon has evolved from a niche hobby into a multi-billion-dollar industry, with China emerging as its undisputed epicenter. Boasting the world's largest player base and consumer market, China's trajectory offers a critical lens through which to analyze the interplay of technology, commerce, and regulation in the digital age. The relevance of this research is underscored by the need to decode the mechanisms underpinning China's successful industrial

scaling and formalization. This article aims to analyze the core technological and business model innovations that catalyzed this growth. The objectives include: reviewing innovations in streaming technology and platform design; deconstructing prevalent monetization strategies; evaluating the role of state policy in institutionalization; and identifying future development vectors.

Technological innovation as a foundational pillar. The industry’s expansion is intrinsically linked to sophisticated IT projects within the live-streaming ecosystem. Platforms like DouYu and Huya, often termed “Twitch of the East,” leveraged cutting-edge content delivery networks (CDNs) and low-latency streaming protocols to accommodate millions of concurrent viewers seamlessly [1]. A significant innovation lies in the integration of interactive features, such as real-time gift-giving and gamified viewer participation, directly into the streaming infrastructure. These features, powered by robust backend systems and seamless payment APIs from WeChat Pay and Alipay, transformed passive viewership into an immersive, participatory experience, fostering unprecedented audience engagement [2]. The steady expansion of China’s esports user base has provided a vast market foundation for these technological innovations [3], which is outlined in tab. 1.

Table 1

The scale and growth rate of Chinese esports users from 2018 to 2023

Year	User scale (100 million)	Year-on-year growth rate
2018	4.28	17.5 %
2019	4.95	15.6 %
2020	4.88	-1.4 %
2021	5.01	2.7 %
2022	5.20	3.8 %

Data Source: [3].

The evolution of business models and commercialization. Monetization strategies in China’s esports ecosystem extend far beyond traditional advertising and sponsorships. The industry pioneered a unique “virtual gifting economy” where viewers purchase and send digital items to streamers, with revenue split between the platform, the content creator, and sometimes the game publisher [4]. Furthermore, the intellectual property (IP) model has been drastically innovated. Major titles like Honor of Kings and League of Legends have expanded into transmedia storytelling, merchandise, and immersive offline experiences, including franchised leagues with city-based teams mirroring traditional sports structures [5]. This creates a diversified revenue stream that is less reliant on any single source and builds a more sustainable commercial foundation. The revenue structure of its core live-streaming platforms demonstrates a trend of diversification, where live gifting remains central, but the share of media rights and game publisher revenue is rapidly increasing [6], which is presented in tab. 2.

Strategic governance and institutionalization. A critical differentiator for China’s esports landscape is the role of strategic state policy. The government’s formal recognition of esports as a professional sport and, later, its inclusion as a medal event in the 2022 Asian Games, bestowed legitimacy and structured development [7]. This top-down support facilitated massive public and private investment in infrastructure, including dedicated esports stadiums, vocational training programs, and academic majors in esports management. The institutional framework channels market energy into nationally aligned goals, mitigating the risks of unregulated growth and positioning esports as a legitimate component of the national cultural and digital economy strategy [8].

The market revenue structure of China's esports industry in 2023

Sources of income	Revenue (RMB 100 million)	Proportion
Game live streaming revenue	255.5	38.2 %
Event-related revenue	125.3	18.7 %
Club-related income	92.8	13.9 %
Game publisher revenue	103.4	15.5 %
Other income	82.0	12.3 %

Data source: [4].

The analysis conducted allows for the conclusion that the monumental success of China's esports industry is not attributable to a single factor but is the result of a powerful synergy between cutting-edge technological adoption, innovative and diversified business models, and a facilitative state policy that provided structure and legitimacy. The Chinese model demonstrates a hybrid approach, harnessing market forces within a framework of strategic national interest. This has not only ensured rapid domestic growth but has also positioned China as a global trendsetter in the esports arena. Future research directions should focus on the socio-cultural impacts of this growth and the potential application of these industrial innovations in other sectors of the digital economy.

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