
MDH INNOVATION

BACHELOR'S THESIS

Finding triggers for innovation within eSports

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Abstract

Since the creation of the internet there has been a development towards a globalized community of people. With the potential for connectivity between people all over the world subcultures are inevitably created. One such subculture is eSports. Over the past decade eSports has seen a steady increase in popularity. Recently, partly as a result of the streaming revolution, this increase has intensified and traditional media look to the internet for inspiration and help on what to do to evolve their business into the future. This paper looks to combine data from interviews conducted with people active and working in the eSports industry with theories and research in innovation, creativity, intelligence gathering and trendspotting with the goal of finding answers to *What triggers innovation within the eSports industry?* as well as provide suggestions for further research. The researchers suggest that eSports is a novel and unique area with high potential for new scientific developments within innovation and creativity as well as a varied field of other sciences. Culture and Open Innovation are, amongst others, suggested to be important factors for enabling change in the eSports industry.

Keywords: eSports, Innovation, Triggers, Creativity

Chapter 1: Introduction

What is eSports?

The term eSports was first used describing competitive video- and computer game play by Mat Bettinson at the launch of the Online Gamers Association in December of 1999 (“The OGA,” 1999). There is no official definition of eSports and the word has not made it into the biggest English dictionary, The Oxford English Dictionary, as of yet (Oxford English Dictionary, 2013). Looking at various online dictionaries, however, where the community surrounding it provides and reviews its contents, eSports is defined as “electronic sports, computer gaming played at a skilled and competitive level” (Urban Dictionary, 2004) and as “eSports is a term for organized video game competitions, especially between professionals” (Electronic Sports, 2013). Jean-Christophe Arnaud (2010) uses words like “Passion, training, reflex, intelligence and teamwork” to describe eSports and Michael Wagner (2006, pp.3) states that “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”. For the purposes of this thesis eSports will be defined using Wikipedia’s definition. The reason this definition is chosen over the others is that it is the definition most in line with the researchers’ view of what eSports is.

Development of eSports

eSports is a market that has experienced an increased growth over the past couple of years (Popper, 2013). In spite of this, academic investigation into this unique blend of sports, media and business is rare. The growth of eSports is

a known phenomenon and deserves to be treated like something more than a passing fad (Schut, 2006). The speed of growth within the business comes with the increase of computer performance, devotion of players, increased number spectators. The large amounts of new media e.g. streams and games results in “what is published [about games] in paper today has already been debated to death online yesterday” (Schut, 2006, p. 89; Hutchins 2008). Hutchins (2008) continues to address eSport as a result of technical advancement and globalization. The general theme of this project is to understand what affects innovation within the industry surrounding eSports and discover what the sources and triggers to innovations are. What knowledge is gathered will hopefully serve as a basis for novel research.

Innovation

When eSports and, most often, gaming in general has been looked upon by researchers the focus is often on health- or social aspects of gaming. Most research within on eSports has had its focus on the growth of the industry rather than seeing eSports as a platform for products and services. The eSports business has certain characteristics that differentiate the industry from other more traditional businesses. E.g. eSports and its production originate from the internet and conducts most of its services and work online, transparently, in close proximity to their consumers and the games in the context of eSport. This increases the dialog between the users and businesses and opens up for more open innovation within the field (Bessant, 2005; Tidd & Bessant, 2011; Cheng & Chen, 2012; Mangelsdorf, 2011;

Baldwin & von Hippel, 2011). This is especially appealing from a perspective of innovation management and thus eSports is an interesting area for innovation studies. The possibilities of making new findings regarding open innovation and user based innovation within the eSport business are suggested by researchers to be high, lending the conclusions to have potential value for other areas of innovation management and business development in general. Especially when other businesses want to engage in internet activity eSports could be a source of inspiration.

Thesis statement

-What triggers innovation within the eSports industry?

About the authors

In order to provide an understanding of what perspective the authors have in common, and what prior knowledge of the subject area they possess, a quick presentation of each author is presented.

Mikael Cambrand

As the younger brother I watched as my two brothers played games, and I instantly got interested in the areas of digital entertainment. Sigmund Freud would've said that the childhood years are those who create ones future, and I personally agree with that statement. As new consoles and games were released, I then transcended into competitive games, where I had my debut as a semi-pro Counter Strike player. My life as a gamer has made me a person that understands the the importance of multiplayer games, and their competitive satisfactions. I stream on Twitch, and run a pretty decent YouTube-channel, and I wish that someday I get the chance to get a job within the eSport-scene or as a game developer along with my closest friends who also are into design, and share the interest of gaming. This project means a lot to me because of the fact that it is a complete research within my biggest source of entertainment throughout the years.

Erik Liljeqvist

The two biggest passions in my life has since an early age been music and gaming. Starting out in the mid 90s with Nintendo and early PCs and subsequently moving through Super Nintendo and Nintendo 64. Sometime in the early to mid 00s was when I entirely moved to PC gaming. Since the streaming revolution and the rise of twitch.tv a large part of the time I previously spent on playing games myself have gone into watching others play. Tournaments and leagues in StarCraft II, Counter-Strike: Global Offensive, and in particularly off late Dota 2. Being immersed in what is and has happened in the world of eSports for the past four some years has been a big inspiration to why this area of research was chosen.

Ludvig Kallin

Video games have been a big part of the culture I have been surrounded by during all my life. In earlier years the

passion for being a game developer was very strong and during recent years I have grown fond of the, to me novel, development of culture surrounding games including eSports and streaming. This thesis for me is a chance to explore this culture from an academic perspective.

Chapter 2: Review of the Literature

Searching for research on eSports

The internet is still relatively young compared to other media and markets. Since its birth the internet has been the focus and the set of many studies. Due to the nature of the internet as open and transformable the possibility of subcultures and sub-types of media, entertainment and sports being created exists. Out of view from the public these phenomena can grow and create their own markets, communities and ecosystems. One such phenomenon, that will be the focus of this research paper, is eSports and the business surrounding it. Virtually unexplored and unexploited by conventional media, except perhaps advertisements, this area of internet culture is rarely, if at all, studied by mainstream scientific faculties. Scouring databases for papers on the subject, scholarly journals such as *Games and Culture* (gac.sagepub.com) and *Game Studies* (gamestudies.org) surface as frequent sources for video game related research. When looking at academic texts on this subject, however, it is obvious that most focus is on either game design where how to use certain techniques and technologies to improve specific games and mechanics or new ways of enticing players often are discussed. A common topic is also discussing cultural and/or health aspects of gaming in general, and how violence in games may affect aggression and behavioral patterns in players. Examples of these are Schmierbach (2010) where different aspects of game design are linked to emotional responses and Scholz (2010) where leadership in games is examined and evaluated for use outside of that niche. Some research is focused on predicting strategy (Lewis, Trinh & Kirsh, 2011; Weber & Mateas, 2009) and also artificial intelligence (Weber, Mateas & Jhala 2010). Another area of research in gaming has to do with information systems and data transfer (Dainotti, Pescapé & Ventre, 2005). Of these only game design has any lasting relevance for the purpose of eSports, Innovation and production.

Other, potentially more relevant, subjects occasionally do surface. E.g. research covering the growth of gaming and eSports. Hutchins (2008) viewed, through a study of the World Cyber Games (WCG), eSports as having grown into something not previously academically explained. Hutchins did not equate it to conventional sports but instead saw a merge of media, eSports and information networks. One sign of the growth of eSports, specifically, is the success of eSports channels in China with *Games Sports Channel* ranking third in national ranking of premium channels (Zeng & Heng, 2012). Other aspects that have begun to be explored by academia are: comparing eSports with regular sports (Conway, 2010; Jonasson & Thiborg, 2010; Moeller,

Esplin & Conway, 2009; Thiborg & Carlsson, 2010; Thiborg, 2011; Witkowski, 2010; Witkowski, 2012; Lee & Schoenstedt, 2011), looking at participants of LAN-events, the culture, norms and ambiance that exists there (Jansz & Martens, 2005; Mora & Héas, 2003; Taylor & Witkowski, 2010) as well as researching the spectator experience (Kelly, 2011; McCrea, 2009). Some research has begun looking at governing bodies and their role in eSports (Salice, 2010; Thiborg, 2009) and some has been directed towards the communities surrounding games and eSports (Stald, 2001; Wagner, 2007). Seeing as computer gaming and eSports has been, and to some extent still is, a predominantly male activity gender related research has begun to be undertaken (Taylor, 2009). A recent report from the ESA (Entertainment Software Association) tells us that 58% of americans play video games and 45% of players are female. (Entertainment Software Association, 2013)

Popular science

For visual representation of how eSports has grown outside of academic research, Ben Poppers (2013) tables on theverge.com shows the increase in tournaments and prize-pools over the last decade. T.L. Taylor's book *Raising The Stakes: eSports and The Professionalization of Gaming* is an attempt at chronicling the rise of the eSports market. Covering the evolution of games into competitions, tournaments and leagues and how some of these have carved out their niche in the market where previously there was nothing. Taylor also discusses eSports and accepts it as a niche market using only a handful of games as mediums. In comparison to this niche view of eSports, in South Korea pro game leagues pull more spectators than pro basketball, baseball and soccer combined. In addition the online game market in South Korea alone accounted for 56% of the entire Asia Pacific market share. There are a lot of people playing games in South Korea and in combination with many cultural aspects like acceptance to new technologies, a competitive market structure and favorable government policies, eSports has had a phenomenal basis to grow upon. The president Kim Dae Jung of South Korea remarked that the WCG in 2001 should help the nation become recognised as a leader in game, knowledge industry and IT infrastructure. This concrete government support of eSports is well worth recognizing when discussing the development of eSports in South Korea. The WCG began in 2000 as a partnership between the government and private investors and quickly grew to be one of the most influential pro gaming events. (Taylor, 2012)

Despite what may look as an impressive list of research, the field is niche and narrow. Most focus lies on health or computer science aspects. The amount of peer reviewed research papers published in scholarly journals directly related to eSports is indeed low.

Discontinuous Innovation

In order to be able to understand what factors contribute to development in a specific area, knowledge of how change and innovation occur and what causes it is vital. There are

various types of innovations ranging from incremental to radical, sometimes called continuous and discontinuous innovation (Bessant, 2005; Tidd & Bessant, 2011). Incremental or continuous innovations are developments of earlier creation and make for newer versions or better solutions to established concepts. Discontinuous, disruptive or radical innovation however result in big changes that can affect a whole industry and may force others to follow (Bessant, 2005). All organizations face the challenge of innovation and discontinuity in the market they operate. Bessant also acknowledges several sources, or triggers, of discontinuity forcing innovation including emergence of new markets, new technologies, new business models, change in market behavior and the emergence of new laws and "game rules" (Bessant, 2005; Tidd & Bessant, 2011). The challenge of discontinuity lies in the organizations ability to handle the new situation that comes with the discontinuous shifts.

Some research indicates innovation as being destructive towards established companies and in particular points out the lack of flexibility in established firms to be the main reason for failure (Klenner, Hüsig & Dowling, 2013; Bessant, 2005). Disruptive innovation as defined by Christensen (1997) is innovations that introduce new technologies or services that in the beginning has low performance or quality, making established organizations oversee the risks this innovation means to the market. Over time these innovations become developed and increase in quality to establish their market position ahead of previous established companies.

Innovative process

Models attempting to describe an innovative process often contain steps similar to: *Search* – where an area is searched for and identified as having potential for innovation. Some triggers for innovation that may be *Searched* for includes: New markets, new technology, new laws, radical events, a change in public opinion and so on. Another common step in models for innovative processes is regarding *Select* – where triggers and actions are deliberated. This is followed by some form of *Implementing* – where the concept is realized, brought to production and eventually to the customer. Lastly, and possibly most characteristic for innovative processes, is an aspect of *Learning* – where knowledge procured during and surrounding the process is absorbed into the organization, allowing for "better" processes in the future regardless if the outcome of the previous process was successful or not (Li, 2013; Bessant, 2005; Tidd & Bessant, 2011).

One aspect of the innovative process that has been in an evolving state in recent times is regarding the source of innovation and whether it should emerge from companies' R&D departments or from the consumers of products and services as an aspect of open innovation (Chesbrough, 2006). In service innovation the dialogue with the customer is inevitable, resulting in a higher natural degree of customer input in the service providers innovative process. This is

something professor of technological innovation Eric von Hippel discusses in an interview by Martha E. Mangelsdorf (2011). Involving the end user in feedback loops (Argyris & Schon, 1978) or other parts of the innovative process is inherently different within the eSports business and internet as a whole. This is due to, although physical distances between provider and consumer might be long, the possibility for instantaneous and transparent feedback from consumers is omnipresent. Examples of this are the open chats connected with streaming services and commenting sections linked to articles and videos (twitch.tv; youtube.com; Theverge.com). The cost-return ratio is also discussed in another article where open innovation is stood against traditional producer driven innovation. The study showed benefits in both economic and social effects on organizations utilizing their customers in the innovative process (Baldwin & von Hippel, 2011). Another article by Cheng & Chen suggest that open innovation that uses customer in the innovative process may produce radically new products. Though a business that aims to adopt a dynamic open innovation process should do so with care, not all businesses are successful at adopting open innovation. The absorptive capacity of the business may increase at first but over time radical innovation might become more scarce and companies may rely on the open innovation too much and overlook changes in the business environment (Cheng & Chen, 2012).

Open innovation communities online, e.g. Innocentive (innocentive.com) and Ideaconnection (ideaconnection.com), have gained in popularity and members of these sites may contribute to idea generation and evaluation, creation of prototypes and solutions. Most research on co-creating and open innovation experiences shows a positive outcome for innovation suggesting that this is highly beneficial. Though there are examples of this positive co-creation devolving into negativity after the fact (Gebauer et al. 2013), due to a large part of the contributing community disagreeing with the outcome of, in this example, an innovation contest. This dissatisfaction from customers arises when expectations of the customer are not met by service providers, in particular when there is a competition with prize-money for the “winning” contribution. The impact of dissatisfaction and negative word of mouth online is argued to be much higher than offline. Regular negative word of mouth offline may be heard by an average of five peers. Online word of mouth, positive or negative, can reach many more peers and are in most cases open to the public and preserved for a unlimited time (Gebauer et al. 2013).

Creativity

In the world of eSports and in any other community on the internet in general there is a constant dialogue between individuals and groups. One important aspect of innovation is creativity, individual and in a group setting, as it is a critical step in many suggested innovative processes (Paulus, 2000; Bessant, 2005). Social interaction and cooperation is

also a factor that is present in innovation, and in particular creativity in groups and organizations. Understanding the strength and weaknesses of group creativity and learning to strengthen factors that induce creativity and innovation in groups of people is necessary in order to fully understand what factors trigger innovation. Psychological research into groups have shown that groups run the risk of reducing motivation to share divergent ideas due to fear of peer evaluation (Paulus, Nakui & Putman, 2006). A famous term often used in this area to explain what might happen if groups create an atmosphere where it isn't acceptable to go against the norm is “groupthink” (Janis, 1982). Groupthink is often expressed in the form of individuals striving to maintain the good feel of a group to the extent that ideas that might potentially conflict with other members of the group are suppressed. Stasser & Birchmeier (2003) showed that group members prefer to share ideas they have in common with other members of the group rather than divulge information that might be unique and conflicting. In order to combat these negative effects a group might have, a multitude of research has been made on the subject. Teresa M. Amabile (1983, 1996) discusses, among other things, the importance of variety of social factors for enabling creativity. Intrinsic motivation and organizational context, a shared vision, has shown to be contributing factors to group creativity (Amabile, Conti, Coon, Lazenby & Herron, 1996). Paul B. Paulus (2000) suggests several factors that could be used to improve and stimulate group creativity, as shown in figure 1.

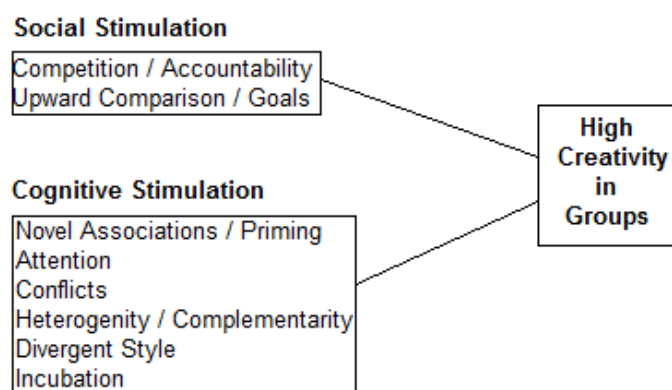


Figure 1 Paulus's (2000, pp. 244) factors that affect group creativity positively.

In a meta-article on organizational culture's influence on creativity and innovation, Laird McLean (2005) draws conclusions based on past research on the effect of culture on innovation. McLean mentions encouragement from the organization, supervisors, work groups as well as freedom, autonomy and enough resources to fund innovations as important factors to enable innovation and creativity. Further McLean states that too much control impedes creativity and innovation. A link between creativity and innovation is also presented where cultural factors that affect one, seemingly affect the other. Part of the basis of McLean's article was based on work by Rosabeth Moss

Kanter. Kanter (1992, 2003) mentions several factors that are detrimental to innovation. Amongst these are:

- Dominance of restrictive vertical relationships
- Poor lateral communications
- Limited tools and resources
- Top-down dictates
- Tormal, restricted vehicles for change
- Reinforcing a culture of inferiority
- Unfocused innovative activity
- Unsupported accounting practices

Research states that an important aspect for innovation is related to creative abrasion (Cowley-Durst et al., 2001). Creative abrasion is explained as having a group with a divergent member-pool and thus having various perspectives and ideas to draw from. The divergence in personalities, experiences and profession, given an accepting culture and climate, would lead to a dialogue where not everyone agrees on everything which in turn would lead to discussion and a merging of ideas and perspectives which in turn facilitate the creativity that leads to innovation (Bassett-Jones, 2005; Leonard & Swap, 2005; Cowley-Durst et al., 2001). Frans Johansson's (2006) ideas on "crossroads" are similar to this. Johansson states that in environments where people with different personalities, professions and backgrounds meet, innovation thrives due to an exchange of ideas between cultures and paradigms. As mentioned the creative abrasion is reliant upon acceptance of dissent, meaning there must be a culture and a climate where it is acceptable to question the "boss" and where mistakes are seen as a part of the innovative process (Leonard & Swap, 2005; Cowley-Durst et al., 2001). "Failing forward" is a term often used in research on creativity and innovation, in the words of Thomas Edison "I have not failed, I have just found 10,000 ways that will not work.". The term is used for describing an organizational culture where failure is accepted as a crucial part of an innovative and learning process. Thus failing forward is an important part in an innovative organizational environment (McGrath, 1999; Leonard & Swap, 2005).

Triggers for innovation?

Resource constraints have been hypothesized to aid innovation and especially knowledge as a resource. Keupp and Gassmann (2013), in their study of this field, showed that the amount of radical innovations within an organization correlates with constraint of knowledge. Other research (Hoegl, Gibbert & Mazursky, 2008) states that teams and organizations with high quality teamwork benefits from, rather than being inhibited, by resource constraints leading to an increased team innovative performance. The same research argues that this requires the team to communicate well and contribute their knowledge effectively throughout the team.

Simmons, Palmer & Truong (2013) argues that different business models and the connected marketing perspective may serve as a molding factor for innovation. The two marketing models described are: outside-in perspective, i.e. to make sense of the market surrounding a company and innovate in order to please the market and inside-out perspective starting within the company with concerns surrounding integrated logistics, product development, marketing and in the end the market and users.

In 1990, Peter Beddowes and Edgar Wille made a study on what triggered change and development in 200 organizations in Europe and the USA. They found seven triggers for change as shown in *Table 1*.

Triggers for Change	%
Financial Losses	24
Drop in Profits	
Increased Competition	23
Loss of Market Share	
Industry in Recession	6
New Chief Executive Officer	16
Proactive (Opportunities or Threats Foreseen)	23
Technological Development	8
Staff Utilisation	5

Table 1 Beddowes & Wille's (1990, pp. 28) table of what triggers change and innovation in organizations.

Joe Tidd and John Bessant (2011) discusses in their book *innovation and entrepreneurship*, two types of sources for innovation called: "knowledge push" and "need pull", where *need pull* is founded in social or market needs and acts like a trigger for solutions to problems (pp.204,205,238). *Knowledge push* is described as "innovation triggered by advances in science and technology which enables new possibilities" (pp. 238). Additionally, Tidd & Bessant categorizes eleven different factors that affect innovation in a model, shown in *Figure 2*.

Entrepreneurship is an important aspect of innovation (Morrison, 2000; Tidd & Bessant, 2011). Without the ability to successfully transform an idea to a value-creating product or service, inventions can never evolve into innovations. Alison Morrison (2000) argues that culture plays an important role in triggering the entrepreneurial behavior. Morrison mentions openness, social action and divergence as characteristics that benefit entrepreneurial behavior in members of a culture.

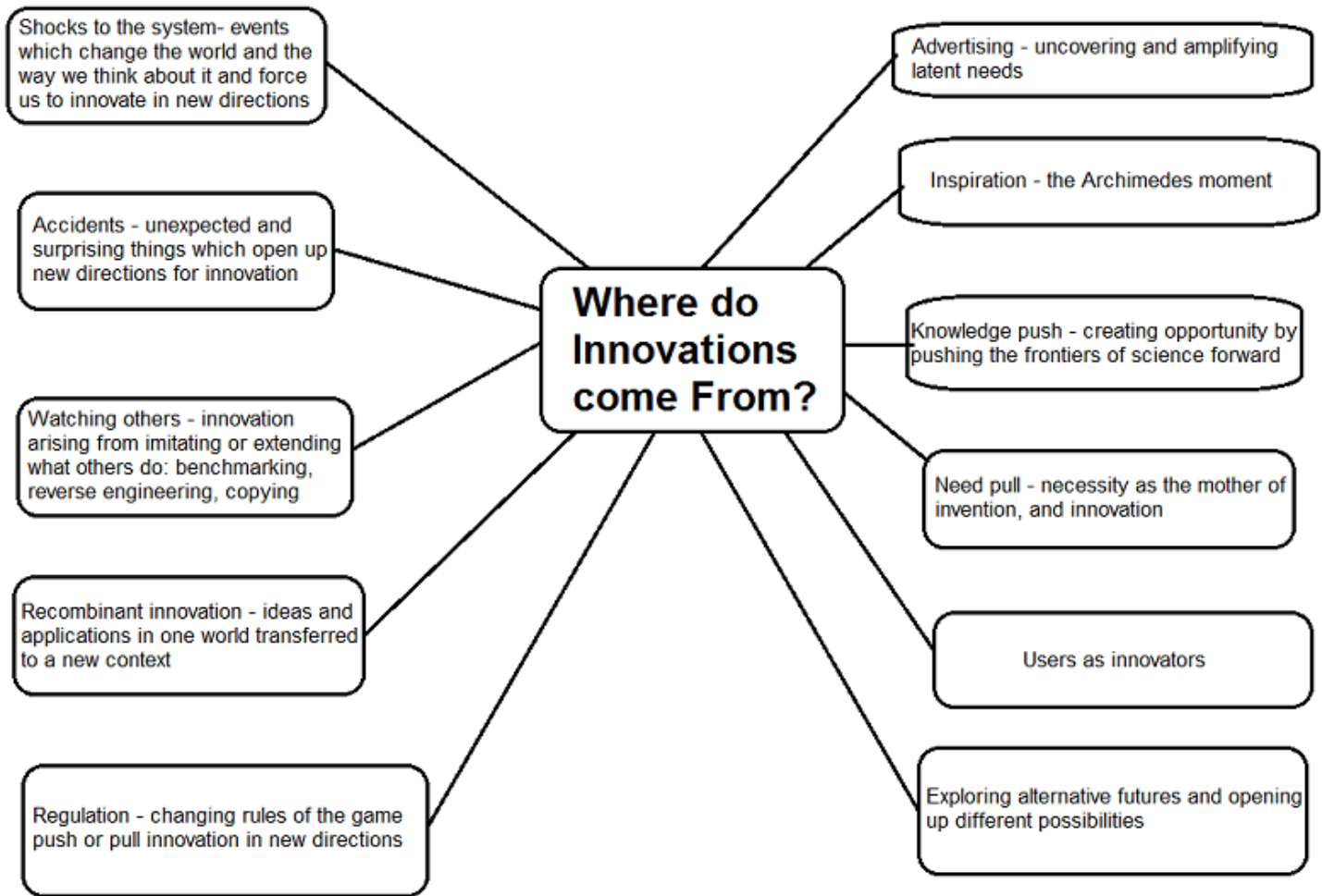


Figure 2 Bessant & Tidd's (2011, pp. 205) figure for categorizing various factors and triggers for innovation.

Innovation may be an act to catch up to changes in the environment within or surrounding organizations, or it may be a preemptive action to exploit or influence an environment. Most organizations are required to innovate since even the most stable environments change (Damanpour, 1991). The eSport market is in particular rapidly changing with new games, technologies and communities becoming popular (Schut, 2006).

Carlos Montalvo (2006) discusses triggers for innovation and how combinations of different factors combine to create innovation. Montalvo explains that even though an organization might be motivated by “economic opportunities and good appropriability conditions ... [and] high capabilities to innovate ... still normative aspects (e.g. community and regulatory pressures) could stop the innovative process” (pp. 319). It is a combination of factors and conditions that causes innovation not individual triggers.

Intelligence gathering

When trying to figure out what causes innovation within any industry it is of importance to understand the history, events and factors that has lead the business to where it is today. The *Search* step of innovative processes is very much present here to find the sources for innovation and defining the market (Tidd & Bessant, 2011). There are examples where tools might be created to serve very specific

types of analyzes (Byon, Zhang & Connaughton, 2010). For more generalized methods, things get more vague. In his book, *Everything we know is wrong: The trendspotter's handbook*, Magnus Lindkvist (2010) speaks about trendspotting as accepting that you do not know what will happen. But curiosity, an open mind and an understanding of what type of trends, or triggers, might arise improves your chances of discovering new possibilities. Lindkvist (2010) specifies seven types of invisibility of trends, and defines what might cause trendspotters to miss them: Invisibility by gradualism, invisibility by minuscule changes, invisibility by suddenness, invisibility by linear thinking, invisibility by presentism, invisibility by myopia and invisibility by pessimism. All these invisible signs of trends are important to note for the method of trendspotting to be effective. Trendspotting is the act of finding trends to predict future development and is as such a helpful tool to finding what may trigger innovation, in particular in an area like eSports where research is rare to come by. A distinction to be made is between qualitative and quantitative trendspotting. Quantitative, as might be imagined, looks at triggers for incremental change, e.g. an increase in popularity of a certain brand of cars. An increase in talk, or data traffic, surrounding a certain subject. This kind of research is in many cases founded in longitudinal collection of data (Yuxing & Kamakura, 2012). Qualitative analysis on the other hand relies heavily on the judgement of individuals

to recognize and interpret signs as trends. Qualitative trendspotting also seems more relevant towards radical and discontinuous change where potentially less obvious and more unconventional triggers may be discovered (Du & Kamakura, 2012; Yuxing & Kamakura, 2012). Trendspotting is reliant upon the ability to gather intelligence. Without information on a subject matter there is no data to analyze and interpret. Gathering intelligence is a vital part of any decision making process (Nutt, 2007) and is of particular interest in research of what causes innovation.

Weak Signals

Weak signals is something that trendspotting wants to pick up on (Schoemaker & Day, 2009). A, sometimes, random piece of information that may be recognized as part of a sign for something potentially changing. A weak signal is data that is hard to notice without actively searching for it. Research shows that less than 20% of global companies have the capacity to pick up and act upon the threats and opportunities of weak signals. When collecting data for trendspotting, several aspects of judgement and personal biases affect the result (Schoemaker & Day, 2009). Researchers argue that complete objectivity is elusive because of how humans filter, interpret and bolster information. Attention while searching for weak signals is much determined by what is expected, in the field of psychology this is called selective perception and may distort the experience of signals (Pronin, 2006; Schoemaker & Day, 2009). Another known bias within psychology is rationalization which involves distortion of interpretation biased towards sustaining desired beliefs, similar to confirmation bias (Plous, 1993). It is important when looking for weak signals to not bolster personal views by disproportionately discussing signals with confirmatory sources. The risk of confirmatory bias is also prevalent in organizations where the possibility for a homogeneity of ideas leading to groupthink as well as poor environments for observations and decision-making (Schoemaker & Day, 2009). Continuing their article on how to pick up on weak signals, Schoemaker & Day argue that sense making and making decisions based on weak signals is the weakest link and most difficult to generalize. To combat this, several hypotheses should be tested and wisdom in sensemaking should be gathered from a variety of individuals in order to get diversity in perspectives for later chosen actions (Schoemaker & Day, 2009).

Chapter 3: Method

Due to the nature of the internet, what databases exist and what they contain, what is saved and what is not and how it's perceived is controlled by the community. Although sites like Wikipedia and similar are frowned upon by academics due to its openness and uncontrollability, it is open databases like these that most information of

significance, when it comes to defining terms and phenomena within eSports exists.

Qualitative method

Doing research on innovation and on the subject of what causes it is qualitative by nature. Because of the lack of research in the subject of innovation in eSports, the methodology chosen for this thesis is an examination of the eSports market through semi-structured, convergent (Rao & Perry, 2003), interviews, on site observation as well as data collection and interpretation using various related internet sources on the subject of eSports including following of current newsfeeds. Since the industry of eSports is developing fast current events are of significant interest for the research to conclude interesting results. In order for the researchers to be able to understand the eSports phenomenon, and what causes innovation within its context, there is a need for becoming immersed in the culture. Culture is also suggested to have a great impact on innovation (Cowley-Durst et al., 2001; McGrath, 1999; McLean, 2005; Morrison, 2000). This is also necessary for understanding of the technical language and culture surrounding the scene, allowing for a better interpretation of data.

Since the researchers of this thesis are enthusiasts of eSports they may understand the culture from a different perspective than an outsider, in particular since the researchers have been involved in gaming, the culture and community surrounding it for a long time. As a result all analysis and interpretation conducted for this paper is done from a perspective of someone engulfed in the culture. The qualitative approach is often criticized due to its reliance on interpretation in analyzing data. Different from quantitative methods that put a lot of effort into reassuring reliability and validity qualitative research does acknowledge these aspects but focus less on measurements and more on interpretation (Bryman, 2011). Some researchers have suggested that qualitative studies should be subjects of different methods to determine the quality of research compared to quantitative. These methods use the criteria of trustworthiness and authenticity to determine the quality of qualitative research. Trustworthiness involves different aspects of validity, including internal and external validity where external validity is compared to generalizability. Also reliability and objectivity should be accounted for, and some researchers on qualitative research criticizes the notion of realism, implying there is only one truth about social reality. Criticism against this argues that there may be many different descriptions of reality. (Lincoln & Guba, 1985; Guba & Lincoln, 1994)

Design

The method of content analysis is argued to be one of the most important techniques for the research of social sciences. Content analysis aims to collect data through communicational means from events, symbols or people to understand the views of an area, group or culture. Earlier content analysis research shows how text written about

teachers, heroes, the police, political symbols, attitudes towards war, biases etc., has changed over time. In educational situations, textbooks have been analyzed to show prejudices in sexual or racial nature. Content analysis have been present in measures of fictional violence within media, correlated to actual violence among the viewers themselves (Krippendorff, 1989).

Content analysis

The design of the content analysis method has influenced this research, since content analysis is a subject of a structured procedure to maintain well established inferences. The design of research is the first step and should be established prior to the intelligence gathering and involve

inspiration derived from the content analysis method is also used for divining appropriate interview questions and subjects. Researching the past and present activities of each interviewee helps improve the interpretive ability of the data procured.

Intelligence gathering on the internet

On the internet, streams, forums and news sites related to the field of eSports are extensive sources of current and past information. Since the majority of activity in the industry is done online, and most of the time transparently, many interviews, discussions and talk shows with different people within the eSports scene are open to the public. This opens up for the possibility of, even though researchers are

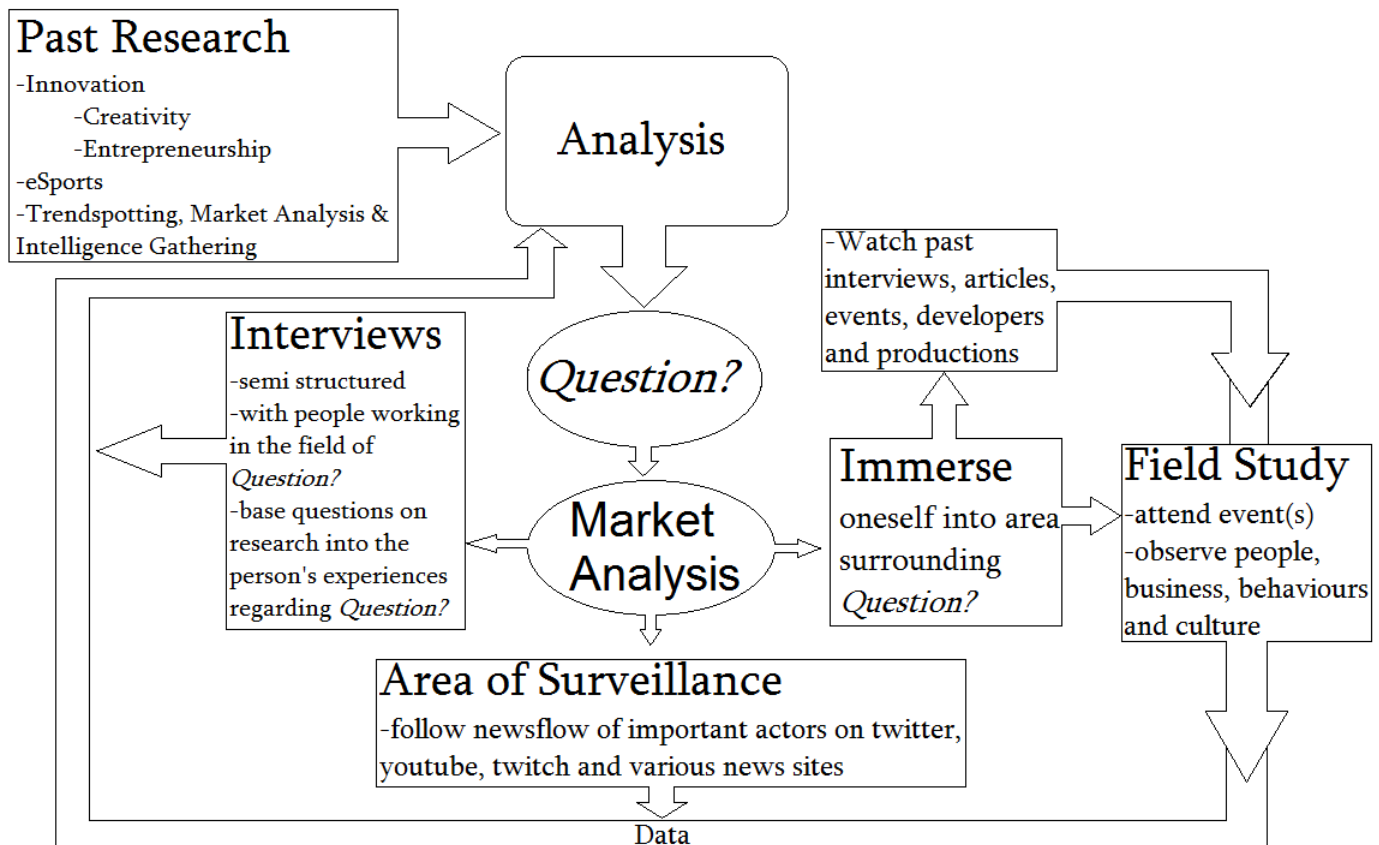


Figure 3 A model explaining the method used for gathering, evaluating and analyzing data with the goal of answering the Thesis Statement.

the context of all data collections and ways to find the source of relevant data (Krippendorff, 1989). The description of qualitative research by Bryman (2011) and reevaluation of theoretical and conceptual work is also an influence in the creation of the method used in this research. The design of this research is approximated in Figure 3.

Market analysis

A market analysis involving data collection from various sources will be part of the basis for data being used in this research. In addition to market analysis data, a theoretical review of research on triggers for innovation, eSports, open innovation, creativity, trendspotting, weak signals, market analysis, content analysis methods and intelligence gathering. Focus is held on triggers for innovation. The

not able to ask questions themselves, much being relatable to the thesis statement from sources outside of the interviews specifically constructed and conducted for the thesis. These sources are able to give researchers the opinions of individuals that work within eSports on development and the current market situation. It also provides input from individuals who, due to time-constraints, other commitments or other reasons, might not be available for interview during the limited timeframe of the thesis. All data that provides a better understanding of development within eSports is of high interest to the research. Since understanding what has happened in the past will allow for a better understanding for what has triggered those developments as well as what may trigger change in the future.

As a basis for trendspotting and market analysis, a number of sources of information were chosen to be monitored during the research process. To be able to achieve maximum immersion in the subject area, both organizations' and individuals' social media, as well as official media, outlets were surveilled. Six categories of sources of information were chosen for their potential relevance for answering the thesis statement: *Twitters of Organizations & Individuals* meaning the Twitter accounts of organizations and individuals active in the business of eSports and is as such of interest for finding potential triggers as well as providing a better basis for interpreting and validating the responses retrieved through interviews. In total 24 Twitters of various organizations active within the eSports industry were followed, ranging from teams to organizers and news-organizations. *News-sites* is the third category and lists websites covering news and developments in eSports. Nine news-sites were monitored covering various eSports and gaming genres as well as various gaming platforms. Another category was *Tournaments & Organizers* which lists the websites of tournaments and tournament organizers. 11 such websites were surveilled. *Twitter*, a forum where what is new and popular is discussed by the community, is a category that lists Reddits of major eSports-titles and eSports in general. Eight Twitter channels were watched. The sixth category is *YouTube Channels* that lists YouTube channels that in some shape or form is active in the eSports market, including news- and discussion content. Seven YouTube account were subscribed to.

Though no quantitative method for choosing and collecting data from the sources was chosen and the data used in the thesis was chosen due to perceived relevance by the researcher, the method of choosing what data to use is highly subjective. The reason this method was chosen is because of the researchers experience in both research on innovation and the past and present developments of eSports.

Interviews

In addition to the collection of existing data regarding the development within eSports from its creation until today, interviews with individuals experienced with the eSports industry are conducted. According to David Carson, Audrey Gilmore, Chad Perry & Kjell Gronhaug (2001) and later, Rao & Perry (2003), useful tools when doing research on a previously poorly covered area is convergent interviewing. A form of semi-structured interview (Bryman, 2011) convergent interviewing starts off with a broad question designed to allow the interviewee to talk about the subject and cover, what might be, key points for future studies. Only later in the interview are direct questions on the subject matter asked in order to not affect the direction of the interviewee answers (Carson et al., 2001). Rao & Perry (2003) further compares the method with in-depth interviews and case research. They explain that the convergent interview might be a good choice when exploring areas with low amounts of previous data, allowing

for quick coverage of key factors and an efficient method of data analysis.

Selection

Twenty individuals working within the eSports industry were contacted for interviews. These individuals were chosen due to their positions, roles and/or experiences within the eSports industry. They were discovered through looking at tournaments, organizers and organizations active within the industry as well as through the experience of the researchers of what has occurred in eSports in the past and present and who has been involved in it. Of these twenty, ten responded and five were available to be interviewed within the time-frame of the research. These interviews focused on the past growth of eSports, personal experiences as well as questions designed to produce information concerning triggers for innovation.

Among the roles represented in the pool of interview subjects were: Professional Gamer, Game Commentator, Game Developer, Manager, Network Technician, Tournament Organizer and Programmer. Some interviewees have experience with several roles. The interviews were held in November of 2013 and transcribed in the same month.

Interview manuscript

The manuscript being used for the interviews was designed to act as a basis for a semi-structured interview setting (Bryman, 2011). This allows for a natural discussion and a chance to get into the depth of the field to uncover aspects that may be considered as triggers.

Examples of interview questions are "What, do you feel, has been the biggest development in eSports so far?" with the intention of finding what may have triggers the recent exponential growth. Another question asked was "What do you feel are, currently, the biggest hurdles for further development within eSports?" to find what need pull may trigger innovation in the future. Problems and hurdles are an important aspects for innovation and creativity, since they seem to be triggers for innovation within other markets, and may also be applicable to eSports as well (Hoegl, Gibbert & Mazursky, 2008). One interview question also aimed at the understanding of the different business models that are being used within eSports, and how innovation differs between them. Another question "As a whole, what aspects do you feel affect the eSports industry the most?" aims to find what developments are most important for the evolution of eSports.

The manuscript consisted of ten questions with a series to pre-defined follow-up questions. Depending on the interview subject the introduction of each interview changed due to an initial summary of the interviewee's experiences in the field. Some questions concerning how past developments have been experienced in various role each interviewee may have had also adapted depending on the respondent. The interviews varied in length of one hour to two hours, resulting in a total documented length of about ten hours.

Due to the way in which interviews were conducted, the interview manuscript for each interviewee will not be presented in this article. The reason for choosing not to present the manuscript is firstly because each interview was tailor-made to suit each interviewee but most importantly because it would be misleading due to the fact that out of the ten some questions that were pre-defined at the most two or three of these were ever asked. Instead there was a dialogue where the interviewees' thoughts and experiences were explored. Additionally, the reason why the transcriptions are not presented is because of the ease of which someone immersed in eSports might recognize thoughts and arguments presented by interviewees which would lead to an undermining of anonymity.

Field Observation

To improve immersion into the eSports market, an observational field-study was conducted at Dreamhack Winter 2013 in Jönköping, Sweden. There was no data-collection apart from notes based on observation of the environment, culture and productions. The goal of these observations was to allow the researchers a chance to experience the culture surrounding eSports events first hand aiding in making a more accurate analysis of the reality the interviewees work within (Bryman, 2011).

Analysis

Qualitative analysis is a subject of interpretation and thus the analysis of this thesis is very much integrated in the discussion. The researchers tries to find triggers for innovation within the context of data collected for this research, and compare the results with earlier research on innovation.

Unitizing and *Sampling* as the second and third step in the content analysis method involves selecting what data to analyze and by what analytical method. Since data collected in this research is exclusively qualitative interpretation is necessary, requiring humans to analyze data in the coding phase. Humans as analyzers are unreliable, but good at interpreting complex data (Krippendorff, 1989). It is impossible to draw completely objective conclusions as interpretation always is affected by belief, expectations and context (Pronin, 2006). The analysis within qualitative research is highly integrated with theoretical work and requires interaction between data collection and analysis. Continual analysis of content data combined with collection of data is common in analytical induction, and grounded theory as qualitative data analysis methods. Therefore these strategies for analysis may also apply as strategies for collection of data. Coding is one of the most important processes in many qualitative analysis methods including grounded theory, content analysis and analytical induction (Glaser & Strauss 1967). Even though coding is described differently among researches (Bryman, 2011; Krippendorff, 1989; Strauss & Corbin 1990), key components of coding often involves labeling, compiling and categorizing of data. This can be done in several steps and coding may be more or less focused. Initial coding involves fragmentation of data to

keywords or codes. Axial coding then assembles keywords into categories by connecting keywords with each other. Focused coding involves putting weight on initial keywords that may be of analytical importance. (Bryman, 2011; Charmaz, 2006)

It is common for studies to use parts of methodology written in other research (Bryman, 2011). One crucial aspect of analyzing qualitative data, and in particular interview data, has to do with the choosing of keywords or "themes". When doing subjective interpretations there may be a risk for overestimating the importance of themes and subjects that are brought up by several sources when, in fact, the most important aspect may be brought up only a few times or merely just hinted at. When collecting and extracting relevant ideas from interview data for this research, focus has been on finding factors and triggers that enable change, development or innovation. When coding for keywords as a way of categorizing and quantifying the essence of what is relevant in the gathered information, factors and triggers interpreted to be underlying the discussion present in the interviews were defined. The importance of not focusing on quantity is in line with research on weak signals where the un-emphasized may be of significant importance (Schoemaker & Day, 2009).

Discussion and interpretation is required in analysis because of the qualitative nature of this research. Interviews transcriptions are summarized and interpreted. Interviewee answer interpretations are then discussed and compared between researchers to strengthen inter-rater reliability. Different themes in the data are distilled by comparing what is mentioned by the interviewees with the perspective of past research in innovation and creativity as a way of finding what may have caused certain developments and what in the current nature of the eSports business, and different organizations and actors within, may enable and cause different kinds of innovations. One aspect that is important to keep in mind is that it is not presumed that all past research into innovation and creativity is applicable due to the unexplored nature of innovation within eSports. It is, however, used as a starting point.

Validity

According to LeCompte & Goetz (1982) internal validity means that there are well defined agreements between researchers observations, interpretations and theoretical development. Continuing the internal validity may potentially be a strength in qualitative research if observations are stable or recurrent.

Innovation theories are collected from academic journals on the subject, where most journals are focused on traditional business. The comparison between eSports organizations and traditional organizations will be analyzed from the perspective of eSports to bias the result towards eSports as much as possible. There is an inherent risk of theories in Innovation derived from research in traditional companies may lack validity when applied to the eSports industry due to its innate differences.

The market analysis within this research will gather historical information surrounding the development of eSports. The current state of eSports will be defined by what mediums is of frequent use, current organizations within the scene, current games and relevant interviews.

Ethical aspects

According to *Vetenskapsrådet* (2002), any participation in research is voluntary and participant has to be informed of any aspects that may affect their willingness to participate. Participants are also able to end partake in research at any time. Any participants will have the right to be anonymous and should be portrayed in such a way that they cannot be recognized by others. Data collected for the study is only to be used for academic purposes.

The interviews conducted for this research is completely voluntary and no specific information that others may recognize them by will be of interest for the result of the study.

eSports brings a whole new world of digital games to regular competitions, enabling players to hone their skills in a completely different way than compared to traditional sports. It would be easier to compare eSports to professional poker or MMA than football for example because of how the scene is assembled and looked upon by the public. In this regard it might be unethical to not accept eSports as an actual business or sport, because it appeals to a specific population. Even the un-athletic aspect of eSports may appeal to people who are not able to exercise regular sports.

eSports and its surrounding community brings people together and there are many different reasons for people to get into esports, some may join for their competitive satisfaction, some may have injuries or some may have found games as an escapism. All the events surrounding eSports aids in bringing people together and creates a community to be a part of. Old assumptions about individuals playing a lot of games being unhealthy and unsocial are being battled by eSports constantly. Interviews reveal that a lot of teams have coaches to help players become more healthy, ergonomic and players themselves know that they cannot perform at their peak if they are not exercising or eating right. Interviewees also emphasizes that eSports brings personal growth to anyone involved in the industry as long as there is a development to the scene.

Chapter 4: Empirical Data

Cyclic renewal

One aspect of the eSports industry that differs from traditional sports is the constant change in what games are played at a competitive level. Looking at events held throughout the years we can see that some games are recurring and reappears in new shapes as they become more developed. On the other hand there are a lot of games having only few tournaments and may only appear in one event (www.eswc.com; www.wcg.com; en.wikipedia.org/wiki/DreamHack). As mentioned by an

interviewee, people can relate to traditional sports because they understand the hard work and fundamentals behind the physical performances of athletes. Several interviewees acknowledge that specific genres of games are recurring in eSports because consumers know the concepts, and are able to understand the fundamentals of the games easier because of their previous experiences in another game within the same genre. Interviewees acknowledge 1v1 RTS (Real time strategy) games, 1v1 FPS (First person shooter), team-based FPS, team based RTS or MOBA (Multiplayer online battle arena) and 1v1 Fighting games as current different genres of eSports games. For a new genre of games to enter the market, consumers have to be able to relate to its nature. This could happen with new generations being brought up with new games since they do not necessarily have the same genres associated with gaming as the older generations of gamers.

Technological aspects

The world of eSports is truly global and has grown in unison with the increase of connectivity and technological advancements. Especially technology, in the opinion of the interviewees, pushes the eSports industry more than any other industry because of the connectivity and globalization. Another aspect that is brought up during several interviewees is the technical skill possessed by a large portion of the population active in the industry. This high level of technical understanding results in a capability to adapt and to integrate new technology at a far more rapid speed and more sophisticated level than most other industries.

Economics

According to one interviewee, the economy of eSports and its profits are spread through different layers. At the top there are the game developers and publishers that get the revenue from game sales, subscriptions, micro transactions etc. Secondly, hardware companies gain revenue because all games need hardware to be played on. Thirdly are sponsors of players, teams and tournament organizers who gets an increase in sales due to exposure. And below this in turnover we have the rest of the people involved within eSports including winners of prize money, streamers, casters, organizers etc. One interviewee says that organizations that want to monetize the eSports community ask themselves what they can offer the community that they would want to spend their money on. People are figuring this out, and it is the hardest part of eSport finances right now. To solve this problem, the interviewee mentions the will to move into game development in order to create a platform with tools for people active in the community to monetize their efforts more easily than what is currently available. Thereby providing games made for eSports with the tools needed for easily managing and creating tournaments as well as monetizing said tournaments. With eSport focusing exclusively on competitive games, the industry may benefit from having games where the revenue of the developers moves past the box-sales and are directly relatable to eSport

efforts. This could potentially allow for money to flow into eSports, allowing for continual improvement. These kinds of developments are observable today with some of the titles with the most users are free to play and some use the community to develop the games in high regard.

Several interviewees mention that there is currently no developer that uses their marketing budget for eSports, even though every time a tournament is held, someone plays or streams the game, the game in context is promoted. People within eSports are not getting paid for this kind of marketing. Let's take a company that produces competitive games for example. That company is paying for its marketing by having people playing their game, and basically, hiring players by promoting a tournament with prize money. For the untrained eye, the industry seems like it's almost standing still, but the reality is that there are immense amounts of work put in at a daily basis to improve content, business models and gaining the support needed from the community.

In the past, box sales have been the standard method for monetization of games. This concept has been here for over a decade, but now when almost everything is being done through the internet, many people lose their interest in buying physical copies of the game. Of course, buying the game online would also be considered a box sale, since it is a single purchase with no further expenses. The main problem with a box sale is that it is a one-time purchase and companies are usually not able to monetize the users further. Companies eventually started utilizing subscription based business models with a monthly payment needed to be able to play. This worked smoothly because the steady income provided for the developer made it possible to apply resources to continually improve the game. There are differences between the western and the Asian market according to an interviewee, where the western market has always relied on box sales the Asian market has used free to play business models funded by micro transactions. Micro transactions are small payments used for buying content within games and are becoming more frequent. These transactions give games the ability to become free to play tiles meaning no revenue from box sales but instead developers relies on micro transactions. Even though there are many people who never make any transactions, several interviewees mentioned that if three to five percent of twenty million pay regularly for in-game commodities this is more than enough to prosper as a game developer.

The eSports environment

The development of eSports is affected by many aspects. Competitive platforms, like clan base etc. as described by an interviewee, gave individuals the tools to satisfy their competitive needs. The development of eSports have been ramping up in the last years and with the release of StarCraft 2 (2010), a successor to the very popular StarCraft, the amounts of followers of eSports have skyrocketed (Taylor, 2012). Though Interviewees argue that StarCraft 2 is losing

followers, it still helps raising awareness of market scene. Live streaming has played a major role in widening the audience and has increased the awareness and exposure of eSports in general. Perhaps most importantly delivering a new medium where eSports and its community can interact, produce regular content and grow.

Entrepreneurial aspects

While talking to interviewees about their past and current experiences, it is clear that the eSports environment is highly entrepreneurial. There has been a lot of hard work involved in creating a name for themselves as well as doing multiple jobs at the same time. This is also prevalent in the on-site analysis of this research. Sponsors, being an integral part of financing most, if not all, eSports efforts forces entrepreneurial skills, in particular resource gathering and resource management, to be utilized by actors in the industry.

Another aspect of the eSports industry is that the scene is much more open and transparent when compared to regular sports for example. Observation of players, casters and other crew members show that e.g. anyone at an event can get in contact with content creators and media personalities. The amount of security utilized and needed is perceived as significantly lower than other venues. There is also, like in streams, videos and forums online, a constant dialogue between the hosts, commentators and the audience albeit not to the extent of a normal conversation, there is an air of each faction feeding of the others mutually. Meeting known people within the business and running into professional players at the events are as normal as running into anyone else.

One of the most common mantras when it comes to general company PR is that "the customer is always right" and that the main objective of a company is customer satisfaction. Some research suggest that is not at all the highest priority for Swedish companies (Sverigestudien, 2013), only landing on the 47'th place over what values companies would like to have. Interviews show that in eSports however, containing the fan base and contributing material that the majority of the community will find interesting is the highest priority. Interviewees also determine the community as the boss of eSport organizations. To fulfill the demands of the viewers and players as well as producing good content leading to an increase in community solidarity, thus attracting more people. Being able to adjust to a market that changes at a daily basis is key for being able to apply triggers for success.

An aspect that is perceived as inherently different from traditional industries is that content producers most of the time also are vivid consumers of content being made within that industry. This includes watching streams, playing games and trying to find things that are missing within other peoples' content, or being inspired by something they have done, in order to improve one's own content. Interviewees mention the importance of being immersed in the industry they are active in because of the rapid development it is

capable of. Being able to analyze one's own content as well as the content created by others and interpreting it in the role of a consumer is a skill suggested to be more natural in eSports than in other businesses since the business is still largely driven by hobbyists.

Judging by interviews, as well as specific cases ("ASUS ROG 2012 Summer funny Highlights", 2012), eSports commentating and productions in general are perceived as generally less restricted than most traditional sports casting. This allows the content producer more freedom to find his or her own style and formula on how to appeal to their fan base and how to create content. Since many minds are stronger than one, working with your community gives you the opportunity to place your feet where opportunities are, and design a package that can be enjoyed by the majority. Interviews suggest that while you watch a football game, the commentators would be considered being professional and informative but not that entertaining. The source of social interaction, in this case, is not the one between the viewers and the commentators, but the one happening on the couch amongst the people watching the game and listening to the commentators. In eSports, due to most people watching the productions watch alone, there is an increased focus for the commentators to be more than just professional analysts and play-by-play providers. They also need to provide a social depth creating an illusion of "the couch" in the example of conventional sports earlier. Having a more relaxed and social experience on-screen provides a more suitable experience for consumers of eSports at this time. One interviewee says that "as long as there's a nice flow to it and that the casters can be informational while having a conversation that keeps the viewer interested, that's optimal". The more personal and conversational they are, the more enjoyable it feels and the more tempting it will be for the viewer to stick around.

Feedback

As previously mentioned, on the internet and the communities that it entails, feedback is sent and received almost instantaneously. Feedback can be useful for the content producer in order to improve the content in future productions, but far from all of it is constructive criticism. The internet is famous for the sake of free speech but infamous for the same reasons ("Esports Heaven # 3 - Content & Those Who Create It.", 2013). This is partly because anyone may be anonymous, there is often high levels of harassment towards the content and its producers. Streamers and broadcasters are often show their faces and other information in their content, which makes it easy for people with bad intentions to find more personal information about them. Sexual harassment, physical threats, ordering pizza and other things to their houses, filing false police reports in the vicinity of the content provider and so on. This does not just concern the producers, but also the rest of the community and the continuation of producing content of good quality according to an interviewee.

Due to the nature of the constant stream of feedback stemming from the consumer-base to the provider as well as the high levels of ironic and dishonest feedback. Interpreting what is sincere and constructive and what might be just an attempt at poking fun at the content creator is an obstacle always present in the eSports business. According to several interviewees, Reddit (www.Reddit.com) is a good way around this issue of interpreting feedback. Reddit employs a system of up voting and down voting posts made on its forums. Content creators create a subreddit, a forum dedicated to their content, and consumers of their content can give feedback. Dishonest, inaccurate, feedback gets down voted by the majority of honest consumers and accurate feedback gets up voted leading to a consumer based rating system.

The transition from TV to Streaming

In an interview by Richard Lewis (2013), eSports and television production veteran, Scott "SirScoots" Smith mentions how the aspirations of TV and eSports production have changed. Initially, in the early days of eSports the vision was always to one day make it onto television. Today however, television producers come to eSports producers for help in improving their productions. What was previously the overhanging vision of eSports to one day making it onto television has long been abandoned ("DH Winter 2013: SirScoots Interview", 2013).

The television has been the largest form of broadcasting and entertainment for decades. One of the biggest stepping stones within its content is having the ability to see live feeds from certain events such as sports. According to one interviewee, the tables has turned in a way favorable for the concept of eSports since nowadays younger generations get all of their entertainment, be it tv-series sports event or live-streams, on the internet. Further the interviewee mentions that the streaming era is here and it's not going away anytime soon. Just like television, content can be found 24 hours a day, through sites like twitch.tv and YouTube.com, with a variety of content far larger than that of traditional television programming.

The concept of eSports production, and production on internet in general, itself is something familiar to what sponsors are used to doing on TV as well. Ads and content on the internet work similarly to how they do in football or hockey e.g. and now due to the internet's instant feedback on the estimated amount of viewers, getting the numbers and changing certain aspects within content has been made much easier. Some TV stations has started to show eSport events such as the Swedish TV6 and SVT, and one interviewee suggests that it's a good thing, but also signs of a last resort to contain the interest of the younger generations by showing content they can relate to. In the end, that content can be found on the internet, along with a large amount of other material, so those who find the TV show interesting probably will transcend into the world of streaming instead, eventually.

Just like in television there are sponsors within streaming and eSports, and therefore the need for ads to generate money for the content producer and the supporting companies. Several interviewees discuss that unlike television where the content can't be controlled by the viewer more than changing the channel, computers have ways to block ads from being seen, and therefore making the ad redundant. The amount of viewers using ad-blocking software applications are considerable, which has to be taken into account when calculating the numbers of total views of ads in terms of making profit. Monetization of content is one of the privileges and difficulties of being a content producer on the internet. Creating viable business models that negate the problem of ad-blocking software is mentioned by interviewees as one of the premiere hurdles eSports faces moving into the future. An example of a specific solution for live streaming is having paid monthly subscriptions that remove ads on subscribed channels. Twitch, the company providing this solution gives part of the earnings from paid subscriptions to the content producer. Due to chat popularity among viewers of streams many larger channels with subscription applications choose to select that only subscribers can use the chat, therefore making it more desirable for viewers to subscribe.

Different Business Models

Looking at business models that are currently occupying the eSports market, the characteristic strengths and weaknesses of the two most common models as well as their future are often discussed (“2GD ‘Grilled’: Esports past, present and future (Episode #7)”, 2012; “2GD ‘Grilled’ (2nd appearance): Contrasting LoL and Dota2 esports...”, 2013; “Esports Heaven # 5 - The Streaming Business”, 2013). One model can quickly be summarized as a model where the game developer has complete control of the game's eSports aspirations and builds an empire surrounding the game. Here developers of the game create and implement content removing the need and benefit of community input. Money gained from ad revenue, micro-transactions within the game and sponsors, go to the game developer and is later distributed to the players, teams and organizations part of the competitive scene in the form of salaries and prize-money. The other model is based on the game developer creating a game with a surrounding toolkit and platform where members of the community are able to suggest changes and add to the existing content. The second model is different to the first in the sense that money is not directly acquired by the game developers but by tournament or league organizers as well as the teams and players themselves. In-game solutions to monetization are also present in the second model where micro transactions and tickets to tournaments can be bought allowing for in-game viewing. There are also examples of marketplaces and auction houses where community members can trade with each other. Income from these different sources are split between the teams, organizers, community developers and the game developer.

In the first model the game developer creates their own tournaments and makes an organizational ecosystem out of it, meaning that everyone involved is an employee leading to a solidified company structure. The second business model relies more on open-innovation (Chesbrough, 2006). Without a community that creates and supports potential events and developers there is no market. In the first business model designers are employed by the developer to create content relieving some of the reliance on open-innovation present in the second business model example. A problem arises in the if the creator of the content is not an employee, an interviewee states that in that case they might not get paid outside of in-game currencies. In the second model if a person not employed by the developer creates something there are ways for that person to sell his or her creations to the community, splitting the earnings with the developer, allowing for mutual income and growth.

There are several examples of open innovation in eSports. One such example is the MOBA genre and in particular Dota 2. This was the most watched eSport game during Dreamhack winter 2013 (“New Dreamhack Records and 2014 Dates”, 2013) and was originally created as a modification of a completely different game. Dota was not created by developers of the game being modified but was instead created, along with a multitude of other modifications, by members of the user base. This is a direct result of the developers releasing tools for the community to edit their game. Other systems to include users in the innovative process are used by some companies within eSports. E.g. Valve's workshop where the community can create modifications and content for several games (Steampowered.com).

Hurdles for eSports

It comes up in several interviews that it is very important to contain the shape and identity of a community in order to keep the scene growing. Just like in traditional sports fans and sponsors are crucial for clubs, leagues and teams to survive. Finding a sustainable medium between developer involvement in the scene, and independent organizations such as Dreamhack, ESL or MLG running tournaments is very important to keep the wheel spinning says one interviewee who's currently working within the scene itself. Dreamhack & ESL are the only major tournaments, and leagues, we have in Europe right now and although they're big they might not always be looked upon with such grace as they are today. For eSports to evolve and become something bigger it is suggested by interviewees and others in the industry (“Esports Heaven # 3 - Content & Those Who Create It”, 2013) that something like a “world cup” would be desirable heading into the future. When there are so many tournaments, but not a world based championship, it is hard to keep track of what makes the best team the very best, and there's not much of a “showdown” for the viewers to see more than sporadic tournament matches. If the best teams face each other on a weekly basis there might not be

the same tension as had they only met once each month or similar.

There are already tournaments like the International, LCS (League of Legends Championship series) and WCS (StarCraft II World Championship Series) that do strive to be world cups but if there was one big tournament, like the Olympic Games for eSports, that would create a new phenomenon that would be considered being the battle of the best. According to one interviewee there is more likely to be game specific world cups, like in football or hockey. A problem currently facing eSports is the lack of global restrictions and regulations. A team can show up with an entire line-up of stand-ins without any disciplinary action being taken by a tournament organizer. In a World-Cup setting, regulations would be more clear-cut and professional.

English is considered to be the international language within gaming, and most people are able to understand it, but there are still many countries who do streams and cover events in their native language. One interviewee suggests that casting in other languages is in many ways a good thing. There is a Swedish version of the “Dreamleague” in Dota2, and although some swedes may appreciate the coverage in their native language, many people still chose to watch the international streams. Underestimating the importance of being able to reach out to the younger generations who may not fully understand English is not good. The Dota2 scene in Russia e.g. would never be as big as it is if it wasn’t for the local casting. To embrace a good concept and having multicultural aspects of it makes a big difference for the community as well, since many communities and fan-clubs are locally based.

Additional market analysis empiricism

Though the nature of trendspotting, often being highly qualitative and difficult to define (Lindkvist, 2010; Schoemaker & Day, 2009; Krippendorf, 1989) with the exception perhaps of quantitative trendspotting (Du & Kamakura, 2012), may not be thought of in a context of empiricism, some concrete sources of information have surfaced as a result of the market surveillance conducted for this research.

Twitch is a website that attracts gamers all over the world and has 45 million people watching 600,000 streams every month (Morris, 2013). These are numbers television executives should envy and realize that twitch brings forth a new model for television. The gaming community have been taking a natural step into streaming during at least ten years, and with twitch these numbers have increased exponentially over the course of these last years. Streaming via the internet is the first choice of medium for eSports especially because mainstream media have barely recognized eSports. Streaming in itself is easy, free both to create and consume. The audiences now have access to good enough computers and bandwidth to support streaming. Interviews tell us that the money in eSports is divided between game developers, sponsors etc. where individuals who work within eSports

make only a bit of the profit while the game developers take most of the revenue because the games is what eSports thrives on, this varies from title to title. Twitch currently make ad revenue, and the audience can subscribe to support streamers they like with a monthly pay (twitch.tv).

Interviewees discuss how in the early years of eSports, lacking capabilities for streaming constricted viewers to connect to a match within the game client and then listening to commentary through an external software audio source. There are many examples of failed attempts to broadcast eSports but Twitch successfully combined easy access with a chat based on the, to eSports historically important, mIRC (www.mirc.com) chat and became the most used site for game streaming (Scholz, 2012).

Recently YouTube launched a new automated system for finding content that infringes on copyright. Called “Content ID” (“How Content ID Works”, 2013) the limiting effect this might have on the content production of game play- as well as review related content could potentially be considerable. John Bain a.k.a. Totalbiscuit, a long time content producer on the internet and currently team-owner of Axiom eSports (axiomesports.com) among other things, talks in one of his videos about the new changes to copyright enforcement on YouTube (“Content Patch: YouTube copyright blitz focuses on gameplay videos - Dec. 12th, 2013”, 2013).

Another piece of recent news circling the Twitter and Reddit spheres is an article by the ESA (Entertainment Software Association, 2013). Based on data collected by Ipsos Mediact (www.ipsos.com/mediact) the article looks to map the consumption habits as well as demographic of game consumers. The article focuses on the USA and is made up of data collected from some 2000 American households. The methods for data collection are not public and the researchers have not been able to get a hold of what the categories, the definition of “game” and other subjects researched in the article, were. Regardless, the article states that 45% of all “gamers” in the US are female and gives various other statistical data concerning gender and age of consumers. In *Figure 4* the categories of online games used in the article are presented.

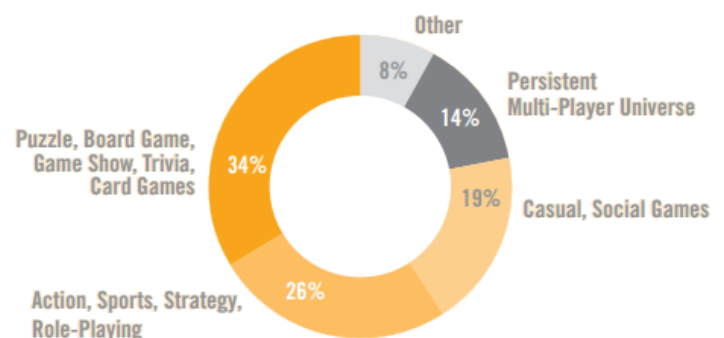


Figure 4 Showing the categories, as well as distribution between them, in the ESA article concerning online games. (Entertainment Software Association, 2013)

An interesting aspect of innovation in the gaming industry is related to accidental development. In a

documentary on YouTube (“The Smash Brothers”, 2013) the rise, and fall, of the Super Smash Bros Melee (SSBM) competitive scene is explored. SSBM was never intended as a competitive game outside of a family or party environment but, possibly by accident, the mechanics and the gameplay allowed for a depth that allowed for highly skilled and competitive play suitable for tournaments.

Chapter 5: Analysis & Discussion

Since the data used for this research is qualitative, the following conclusions will not show correlations of cause & effect, but will instead suggest what might be points of interest for future studies.

Due to the highly qualitative and subjective methodology and data, an analysis is perceived to be fruitless without discussion. Because of this the analysis and discussion sections have been merged. This is also because of the possible un-applicability of past theories on this new area. A discussion comparing and describing what is brought up in the data is seen as more valuable when exploring new scientific fields, than assuming that past theories are fully applicable and relevant to a stand-alone analysis section.

Open innovation

The internet is dissident by nature. The Interviewees and researchers, the comment section on YouTube, Reddit and chat system on twitch confirm this, agree that the amount of opinions on the internet are as vast as the number of people active there. Due to the passion shared by communities on the internet, combined with individuals’ divergent backgrounds, experiences and professional knowledge. The potential for creativity (Paulus et al., 2006; Janis, 1982; Amabile, 1983, 1996; Paulus, 2000; Cowley-Durst et al., 2001; Bassett-Jones, 2005) within and between eSports communities is vast.

In addition to the divergent pool of individuals’ characteristics on the internet, in particular in a community like eSports, there is a network of information that facilitates communication and news being spread throughout the community. As soon as something happens in the world of eSports it spreads across several sources of information and communication used by actors active on the internet such as: Twitter, Reddit, YouTube, even streams and tournament productions tend to discuss news topics. When it comes to new developments, be it technical or otherwise, this network of information helps spreading the news as well as serving as a forum for discussing potential uses and developments of the news. This is but one example of the openness and transparency of the eSport community since anyone may join in on these conversations via Twitter and other chat and message systems scattered throughout the community. One aspect that might be present in eSports which might not be present in the basis of other businesses is that eSports is currently made possible by enthusiasts and hobbyists. Many people that are active in the industry as both content consumers and creators, do not necessarily share societal

and professional roles. This diversity might provide a sufficient mixture of personalities and individual properties that it might offset the risk of selective perception (Pronin, 2006; Schoemaker & Day, 2009).

Research on open innovation (Chesbrough, 2006) points out that including users and having an open innovation process is beneficial to positive innovative results (Cheng & Chen, 2012; Gebauer et al., 2013; Baldwin & von Hippel, 2011; Manglesdorf, 2011). Several open innovation communities online have contributed to company innovation (Gebauer et al., 2013; Innocentive.com). Interviewees describe specific examples where the eSports community have been helpful in company development but points out that this requires a helpful framework from the developers to work satisfactory. The restrictions given with the framework should be developed with care as Cheng and Chen’s research (2012) suggest that open innovation may produce radical innovations. Higher constraints in frameworks given supposedly reduces the chance for radically new innovations. It is the community that through open innovation have shaped the most played games within eSports and it seems like open innovation is highly beneficial for innovation. Open Innovation has played a vital role in developing the eSports industry to what it is today and will probably continue doing so in the future.

Entrepreneurship

Kanter (1992, 2003) mentions several factors that are detrimental to innovation. Many aspects of the eSports community are opposite to these factors, arguably enabling innovation. Interviewees mention several factors characteristic of lateral organizing with the end user, or community, as their prime focus. Communications are open, fast and together with a community that is constantly growing innovation thrives in an eSport landscape. Anyone who wants to make it within eSports seems to have to produce content, find their own funding and create their own opportunities. All of which are key features of entrepreneurship. Both interviews and articles implies the importance for entrepreneurship for triggering innovation (O’Neill, 2013; “Esports Heaven # 1 - What is up with Shoutcasting?”, 2013).

Technical development

Technical advancements is obviously a trigger for innovation and history have shown us several examples of this (Bessant, 2005; Christensen, 1997). This may trigger innovation even more in eSports than most traditional industries. This is due to people within eSports being, according to interviewees, tech-savvy leading to new developments becoming more easily incorporated into eSports relatable hard- and software. This makes for a very effective knowledge push since the whole eSports industry thrives on technical advancement and every interview held for this thesis as well as other sources shows this (Tidd & Bessant, 2011; “Esports Heaven # 5 - The Streaming Business”, 2013;). Development of streaming capabilities have enabled a true medium for eSport (Morris. K., 2013).

As mentioned in interviews as well as in other sources (“DH Winter 2013: SirScoots Interview”, 2013; “Content & Those Who Create It”, 2013) the aspiration of eSports to one day be shown on the television has changed. Today TV producers come to eSports producers for help in the transition of conventional television to the internet. The point could be made that this type of development, moving from aspiring to be more like conventional media to that conventional media aspiring to be on the internet, might occur in other areas as well. Online sub-cultures may be one of the most important inspirations for traditional industries moving into the future due to its open nature and speed of development, especially when it comes to adaptability and innovation. When streaming takes viewers from regular television, this is a disruptive development (Klenner, Hüsigg & Dowling, 2013; Christensen, 1997; Bessant, 2005; Tidd & Bessant, 2011). Television today have to innovate to catch up to the development of the internet (“DH Winter 2013: SirScoots Interview”, 2013; “Content & Those Who Create It”, 2013; Damanpour, 1991). As it seems, the time of television has passed and the time of live streaming has come.

Resources

Interviewees explain that the developers of games are the ones who bring in most of the revenue. They also mention that companies are reluctant to use eSports as a marketing tool for their game, even though every time a tournament is held the game in context is naturally shown. There are some companies that have picked up on this and use their revenue to keep the eSports of their game alive, or rather, create an eSports scene surrounding their game, paying players, streams, events etc. Other companies, as discussed earlier, let the community create new content and users may pay to use created materials. Tickets to tournaments to view in game with commentary is also available for purchase and generate income for eSports development. Whilst trying to figure out how the money flows within the eSports business it seems evident that there is too little money and according to an interviewee, too much people. This is not necessarily a bad thing since it is suggested that having a lack of money can be a trigger for creativity and innovation (Beddowes & Wille, 1990; Hoegl et al., 2008; Keupp & Gassman, 2013). Being constrained by funds forces creativity both in form of finding new ways of creating more funds and reducing cost as well as also increasing efficiency. Due to the nature of eSports content and how much of the productions and tournaments are run on a shoestring budget a lack of funds seems to be an important trigger for innovation for eSports.

Culture

Interviews uncover the need to try and do new things to succeed within eSports. Since eSports is based on the internet and the anonymity that comes with it (“Esports Heaven # 3 - Content & Those Who Create It.”, 2013), a lot of negative feedback is apparent to people who both fail and succeed. Failing forward sees failure as a part of the

learning process which is much integrated in the innovative process (Li, 2013; Tidd & Bessant, 2011). As an entrepreneur in eSports it seems like one have to endure these negative comments and focus on their own development. An example of this is Valve’s release of Steam 2003, which had to endure large amounts of negative feedback at its time, but today it is probably the biggest distribution client and platform for games. Failing forward emphasizes an acceptance to failure within the culture of an organization or community. An aspect arguably present in the eSports community.

Great freedom, communication and a lot of interested users makes for a great basis for entrepreneurship and innovation hand in hand (Bassett-Jones, 2005; Leonard & Swap, 2005; Cowley-Durst et al., 2001; Hoegl, Gibbert & Mazursky, 2008). In this online environment of diverse users and producers, especially when peoples’ developments are intrinsically motivated, innovations and creativity will shine (Amabile, 1983; Amabile, 1996; Cowley-Durst et al., 2001; Amabile, Conti, Coon, Lazenby & Herrón, 1996). eSports happens in the culture of the internet within a community sharing common interests. At events like dreamhack this open and entrepreneurial paradigm is evident and the social culture surrounding Lan-events is also picked up on in other research (Jansz & Martens, 2005; Taylor & Witkowski, 2010). The culture that seems to be surrounding eSports fulfill many of the factors involved in high creativity groups (Leonard & Swap, 2005; Paul B. Paulus, 2000) and since research shows that creativity and innovation are positively connected (McLean, 2005) this creative culture aids to trigger innovation within an eSports environment.

Cyclic renewal

Interviewees discuss the drawback of constantly changing titles played at a competitive level. Due to the nature of technological advancements, in particular when it comes to computing power and storage, software, including games, evolve alongside the hardware. This leads to an inevitable circle of new games replacing old games. Compared to traditional sports where a sport might not change much at all over a long period of time, due to the players and tools used in the sport remain similar to what “they’ve always been”, eSports titles do not remain. Interviewees estimate the lifespan of an eSports title to be somewhere around five years. When discussing how this might affect eSports as a whole, both the risk of audiences not transitioning from older to newer titles and the possibility for new and innovative titles, are brought up. One aspect that is discussed as a potential defense against losing the audience in a title transition is how games are categorized. As mentioned in interviews there is a set of eSport game genres players are familiar with. This is because of the current generation being brought up on these genres of games and leading to any new game automatically being associated with past titles and categorized into past genres. Although there might be risks with having an

evolving eSports title list, this may also leave room for innovation otherwise not seen within conventional sports. With a continual potential for reinvention the possibility for improvement is large. This perpetual cycle of renewal fueled by technological, as well as, social and cultural development could be seen as a business specific trigger for incremental innovation.

Accidental factors

A trigger, similar to the extent that it can be related to game development, is the “accident” trigger (Bessant, 2005). An example of this in the world of eSports is Super Smash Bros and how it went from being a game intended as a party game to becoming a competitive, highly skill based, title (“The Smash Brothers”, 2013).

Rules, laws & regulations

As mentioned by John Bain (“Content Patch: YouTube copyright blitz focuses on gameplay videos - Dec. 12th, 2013”, 2013) YouTube’s Content ID approach may lead to a decrease in publicity for titles and publishers whose games are targeted by copyright claims. Due to YouTube being “the” source of gameplay and reviews, not having your games covered by the channels there could cause considerable damage in sales for games companies. This could also result in an increased publicity for independent games due to them welcoming any publicity given by content producers on YouTube and similar sites. This kind of change could be compared to the change in laws or rules trigger mentioned in research into triggers for innovation (Bessant, 2005). Rules and restrictions definitely seem like a shaping factor when it comes to innovation in eSports.

New market, distribution & target audience

Being a fairly new area of business, when tools used on past incarnations of the business, i.e. methods of collecting, categorizing and analyzing data, are used on this new incarnation and expected to produce similar results to what studies of the past produced, there is a risk for incompatibility. Take e.g. the ESA article previously mentioned. A question is stated and a method is put in motion resulting in data. Due to the lack of understanding of the new incarnation of business certain crucial dimensions previously not present may be overlooked. One such dimension in the ESA article is the aspect of free-to-play titles. Having a list of most selling games is not as relevant today as it may have been some years ago with some of the most played games currently being free-to-play titles (“The Major League [Of Legends]”, 2012) that are not “sold” at all. Further, of the categories used in the article, only a few are relevant when discussing eSports, e.g. “Action, Sports, Strategy, Role-Playing” games. Sadly this also leads, due to the quota of women and men not being specified for specific categories, to the statistics regarding gender and age diversity and dispersion not being applicable to categories relevant to eSports. One potential benefit of having “older” actors come into eSports and attempting to apply “old” tools

to new areas is that the market, distribution change can be the source and trigger for innovation.

Chapter 6: Conclusions

When comparing interpreted data collected for this thesis with prior research within innovation, certain triggers seemingly applicable to eSports emerges.

Open innovation - Innovation triggered by putting creative power into the hands of the user. The culture surrounding eSports seem to be closely relatable to open innovation. In contrast to traditional industries and organizations who seek to implement Open Innovation into their innovative processes, eSports and the internet as a whole seem to naturally possess end-user feedback, as well as other aspects of Open innovation, as a part of their nature.

Entrepreneurship - Innovation triggered by finding and managing resources. eSports seems to be highly entrepreneurial. Entrepreneurial qualities have been shown to be beneficial for enabling innovation.

Tech development - Innovation triggered by developments in new and/or improved technologies and ways of using technology. Due to the suggested high level of technical mastery possessed by people working within and surrounding the eSports industry, technical developments are suggested to result in faster, and potentially, larger changes than more traditional markets.

Resources - Innovation triggered by having too much or too little of one, or several resources leading to innovation. A lack of financial resources as well as a knowledgeable user base within eSports seems to aid innovation.

Cyclic renewal - Innovation triggered by the inevitable replacement, and development of eSports titles. The incremental increase in processing power in combination with a history and culture of games being replaced result in a perpetual desire for development and incremental innovations.

Accidental factors - Innovation triggered by accidental development. The users may play a big part of this trigger as developers or exploiters.

Rules, laws & regulations - Innovation triggered by a change in laws or regulations. New rules and regulations seem to have triggered innovation in the past, in other areas, and we seem to find examples of this within eSports as well.

New market, distribution & target audience - Innovation triggered by the emergence of, or relocation to a new market, possibly leading to a new infrastructure and target audience.

Limitations, improvements & future research.

Due to the qualitative nature of the research conducted and the high amount of interpretation required in analyzing the collected data, the generalizability of the results is weakened. Though research on qualitative methodology argues that the validity and reliability of qualitative research should be defined differently than quantitative data (Rao &

Perry, 2003; Bryman, 2011; Lincoln & Guba, 1985; Guba & Lincoln, 1994; Glaser & Strauss, 1967). The goal of this thesis was never to conclusively find “the” triggers for innovation in the eSports business but to serve as a first look into what the researchers believe to be a novel and interesting area for many traditional areas of science. Additional analysis of data by other researchers with different perspectives on eSports would be beneficial for unbiased results. A broader spectrum of interview respondents would also be desirable to gain more divergence in interviewee answers. Past research might not be as applicable to eSports as it is to more traditional industries, where research often is conducted, due to how global and diverse eSports is. eSports includes the clash of many different cultures, aspects of anonymity on the internet and the high speed of constant renewal of the industry as well as the high adaptability to new technologies.

The use of media content analysis and the search for weak signals is in no way the premier form of data-collecting in this thesis. For future research in the subject a more extensive focus on using content analysis on related news-sites and video-content sites, like twitch and YouTube,

as well as analyzing the flow of information via sources like Twitter, from both individuals and organizers, teams and other organizations active in the eSports business.

A longitudinal study of the progression of big games within eSports such as Dota2, LoL, StarCraft and Counter Strike would be an interesting aspect for future research. This might serve as a way of seeing the result of the various business models discussed in the paper. The factor of having a short time period for research can also be considered as a limitation, since game developers update their games on a weekly basis, and it would be interesting to follow the process and see improvements or perhaps shortcomings. Throughout the semester, during which this paper was written, several what might be considered big news and developments have occurred. Some have been incorporated into the thesis, such as the YouTube Content ID change and the ESA article, and some have not due to the limitations of deadlines and the format of writing scientific articles. The researchers feel that this is an inevitable flaw in any scientific research conducted on a field with similar potential for change as eSports.

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