

For the Esports Development in Japan ~ From the standpoint of further market growth and social significance ~

Report Summary

March, 2020 (Reiwa 2)

Investigative Commission on Measures for Vitalizing Esports
(Bureau : Japan Esports Union)

(Subcontractor & English Translation : KPMG Consulting Co., Ltd. Japan)

Investigative Commission on Measures for Vitalizing Esports

【Method】

The discussion was held five times, starting from September 2019 to February 2020, to discuss mainly on the following three themes.

- Estimate the long term goal of the Japan esports market scale, including economic effects rippling to surrounding markets and industries.
- Conduct research on the background of how esports has developed in foreign countries and then analyze the results.
- Propose the mid to long term actions, essential to the further development of esports.
- Propose of the mid to long term actions for the establishment of social significance.

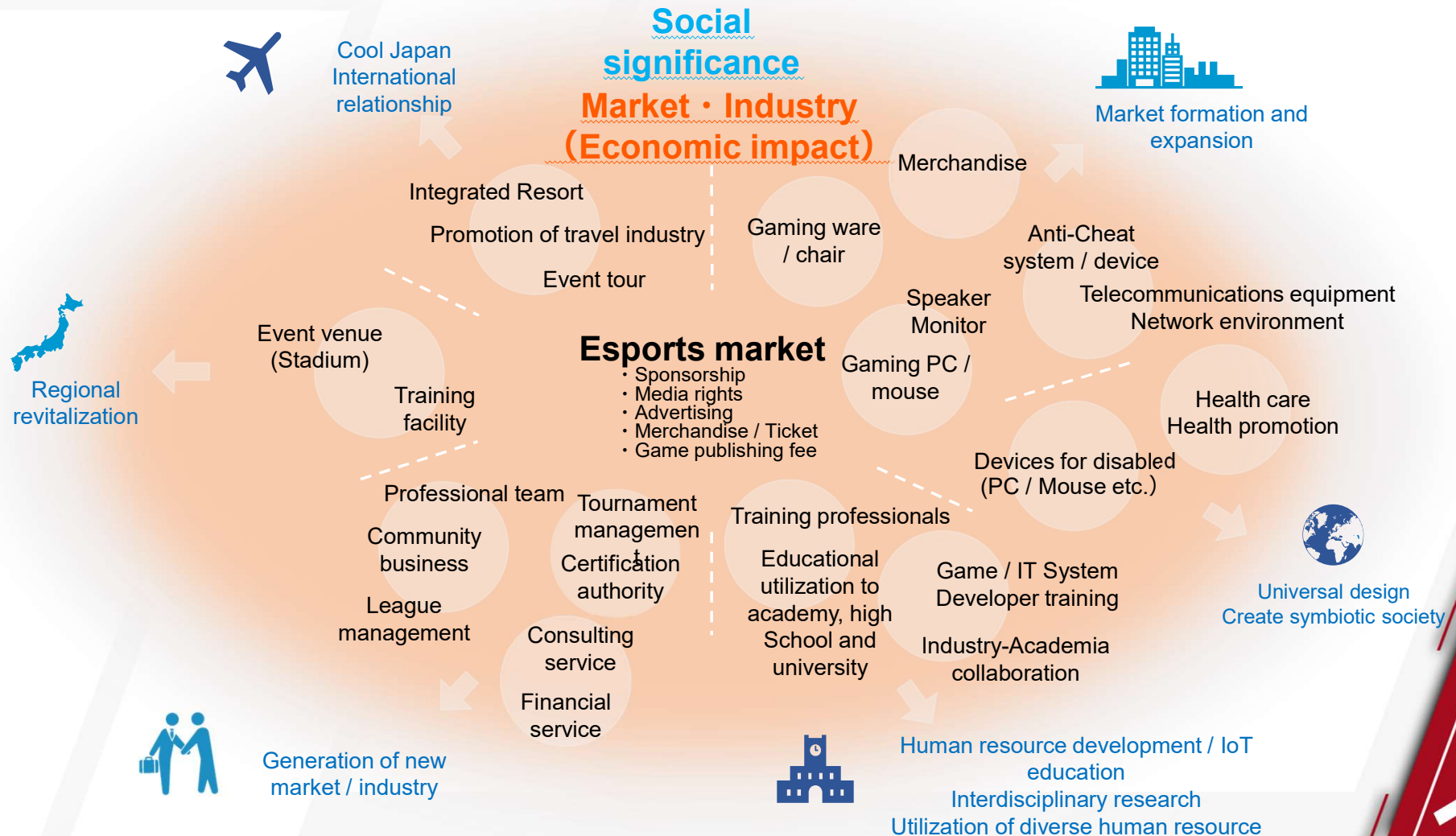
Members of the IC

Ichiya Nakamura	President, iUniversity [Chair]
Anjo Kenichiro	Ph.D, Technical Sales Manager, Intel Japan K.K.
Kato Takahiro	Assistant Manager, Tokushima Prefectural Government (President, Taskforce for the promotion of esports in Tokushima Prefecture)
Daisuke Kobayashi	Producer of TV show “eGG”, Nippon TV
Masaru Sugiyama	Vice President, Global Investment Research, Goldman Sachs Japan Co., Ltd.
Haruhiko Takai	Domestic and Inbound Travel Executive Division, Japan Association of Travel Agents
Tomohiro Takagi	Partner, Nishimura & Asahi
Yoshio Takahashi	Associate Professor, Faculty of Health and Sport Sciences, University of Tsukuba
Eichi Tanaka	Occupational Therapist, Yakumo National Hospital
Kana Tani	Professional Player (Tanukana)
Hajime Taniguchi	Professional Player (Tokido)
Naonobu Tahara	Producer Lead of C4LAN
Yoichi Tomori	Representative Director, XENOZ Co., Ltd. (SCARZ) / Owner, Professional esports Team SCARZ
Fusuke Toyota	Representative, Gaming Community Network
Junichi Matsumoto	CEO, JCG Co., Ltd.
Yasuyuki Yamaji	Secretary General, Computer Entertainment Supplier's Association (CESA)

【Observer】

KPMG Consulting Co., Ltd. Japan
METI Media and Content Industry Division, Commerce and Information Policy Bureau
CAO Intellectual Property Strategy Headquarters
MIC Information and Communications Bureau Promotion for Content Distribution Division
CAA Representation Division
JSA Policy Division

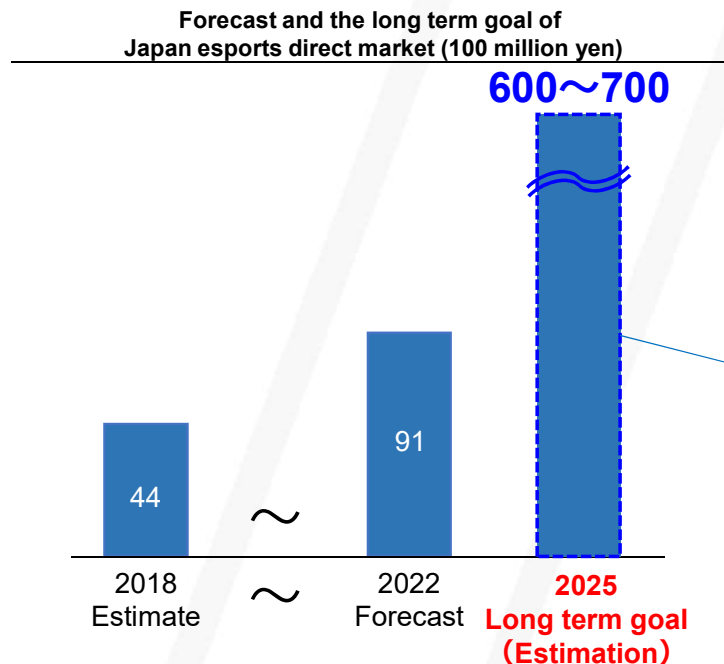
The economic impact and social significance of esports



The scale of Japanese esports direct market (long-term goal)

The IC has set the goal of the Japan esports direct market to reach 60 to 70 billion yen by 2025

Furthermore, IC has confirmed that the market scale can expand even after 2025



【Estimation Assumption】

2025

Fans

2,300-2,600 million

Same level of pervasiveness as Korea / Same level of fans as NPB

Value per capita

2,700- yen / capita

Value per capita calculated by the maximum growth rate within esports advanced countries (=2.3x) (1,150 yen / capita in 2018)



Opinions were raised suggesting to aim further enhancement of the value of esports

“Utilize digital technology to establish new culture of supporting and viewing games, or enhancing the added value of esports will encourage the purchase of higher-priced content and items”

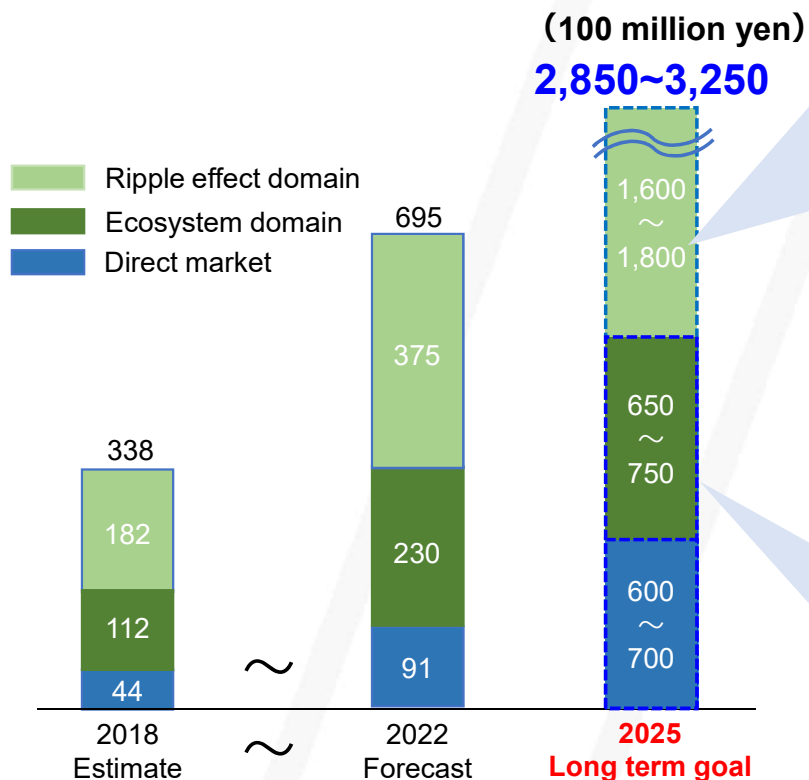
Direct market : Income from event operation, team management, etc. (sponsor / advertisement, media rights, merchandise / ticket, copyright license fee, etc.)

Ecosystem domain : Business with event entertainment at its core (spectate, view, equipment purchase, construction business, host event, etc.)Ripple effect domain : Business which utilizes the customer attraction of events (food and beverage services, retail, information and communication, etc.)

Source : Calculated the spending per capita based on KADOKAWA Game Linkage (direct market excluding prize money(4.4 billion)/fans(382million))

The scale of Japan esports market including ecosystem and ripple effect domains (long-term goal)

The IC has set the long-term goal of the market scale by 2025 (including economic activities in the ecosystem domain and economic effects on the ripple effect domain) to reach 285 to 325 billion yen



【Estimation Assumption】

Estimation referring to the information on how economic activity in ecosystem domain can cause a ripple effect to peripheral industries.

Example of ripple effect

Visiting events	→ Use of restaurants and shops
Watching events	→ Spend communication expense to watch
Device purchase	→ Electronic / plastic component related to PC manufacturing
Construction business	→ Construction materials used to build facilities
Event hosting	→ Transportation fees of workers, electricity consumption, etc.

Estimation of the ripple field is based on the "Input-Output Tables" (a mechanism to identify how much production will spread to which industry when new demand arises in one industry)" published by the Ministry of Internal Affairs and Communications

【Estimation Assumption】

Estimation of the economic activities within ecosystem domain, based on businesses that create unique added value to esports in the following industries

Examples of economic activities in ecosystem field

- Related equipment manufacture
- Players / developers training institute
- Event / training facility manager etc.
- Transportation / accommodation business
- Construction business

(Note) Items of the ecosystem area (related equipment manufacture, Transportation / accommodation facility business, etc.) are calculated only in conjunction with an increase in the number of fans (not linked with the value per capita of direct market)

Source : Calculated the spending per capita based on KADOKAWA Game Linkage (direct market excluding prize money(4.4 billion)/fans(382million)) Source: http://www.soumu.go.jp/toukei_toukatsu/data/io/hakyu.htm

Proposal for the long-term growth of the Japanese esports market

Through the discussions within the IC, the proposals essential for the growth of esports market has been summarized (for further details, see attachment 2)

Growth Policy Classification	Proposal No	Recommendations and proposed actions
A Improve game attraction	A-1	Selection of title (improve attraction)
	A-2	Develop global title that can be played from any device
	A-3	Develop necessary technology for esports
B Improve event attraction	B-1	Formalize esports as an official sport in regional sports competitions
	B-2	Host global esports event in Japan
	B-3	Hold themed competitions, etc.
	B-4	Produce star player -Findig Diamonds in the Rough
	B-5	Promote acquisition and accumulation of know-how on event management and program production
	B-6	Seminar and gathering of professional players
	B-7	Hold competitions with short run time
	B-8	Establish and penetrate international rules for event management with a certain level of quality
C Improve the economic status of professionals	C-1	Secure income of players through corporate club activity or team
	C-2	Apply minimum annual salary in leagues etc.

Growth Policy Classification	Proposal No	Recommendations and proposed actions
D Development of casual fans to hardcore fans	D-1	Prepare environment - Entertainment facility
	D-2	Prepare environment - Facility to play game
	D-3	Prepare environment - Large-scale event venue
	D-4	Prepare environment - Facility to view game play offline, professionals and fans to interact
	D-5	Prepare environment - Online view environment
	D-6	Utilize thee popularity of team / player to expand fan base
	D-7	Corporate welfare
E Lower the barrier of legal system / rules	E-1	Establish support desk for the utilization / licensing of IP, Establish guidelines
	E-2	Introduce JeSU authorization system to esports training facility
	E-3	Establish facility management guideline, introduce JeSU authorization system to facility
	E-4	Establish guideline for esports event
	E-5	Liberate existing facilities

Proposal for the establishment of social significance of esports

The IC has proceeded the discussion for social significance of esports regarding the "value of sports" defined in the "Second Basic Sports Plan" by the Japan Sports Agency (for further details, see attachment 3)

Classification of the Meaning of Society		Proposal No.	Proposals (policy-making)
A	Make life fun, well-being and vibrant	A-1	Esports incentive program
		A-2	Provide mental and physical care services
		A-3	Funding for evidence research topics
		A-4	Introduction to the educational curriculum
		A-5	Organize boot camp
		A-6	Free Admission for parents competition
B	Contribute to the realization of a symbiotic society, and a well-being and long-lived society, as well as the revitalization of the economy and local communities	B-1	A program to create life satisfaction for the elderly and disabled
		B-2	Competition volunteers
		B-3	Development and adoption of an official controller that can be used in competitions
		B-4	Organize playoffs
		B-5	Inter-city league
		B-6	Setting up facilities for local competitions
		B-7	Development of local information dissemination base
C	Contribute to the realization of "a world that respects diversity," "a world that is sustainable and resistant to adversity," and "a world that is clean and fair."	C-1	Organize tours
		C-2	Deregulation of visas for professional players
		C-3	Esports animation and film adaptations
		C-4	Establishing a place for international exchange

(Reference) “The value of sports” defined in “Second Sport Basic Plan”

～ Sports can change and create the future. Enjoy Sports, Enjoy Life ～

The “fun” and “joy” of sports are the core of the value of sports. If all people spontaneously engage in sports for self-fulfillment, and shine with the power of sports, positive and vibrant society and a world of strong bonds will be created.

1. **“Life” will be changed by sports!**

Enjoy the maximum value of sports by “experiencing” sports.
Everyone can enjoy the value by “experiencing,” “watching,” “supporting” sports.
Life can be fun, well-being, and vibrant by making sports part of the life.

2. **Connect with the “world” by sports!**

People can contribute to the development of society by sharing the value of sports, and changing people's consciousness and behavior.
Sports can contribute to the realization of a **sybiotic society, and a well-being and long-lived society,** as well as the **revitalization of the economy and local communities.**

3. **Connect with the “world” by sports!**

Sports can contribute to the realization of **“a world that respects diversity,” “a world that is sustainable and resistant to adversity,” and “a world that is clean and fair.”**

4. **Create the “future” with sports!**

With the 2020 Tokyo Olympic and Paralympic Games as an opportunity, we will develop a national movement that connects people through sports and promote the Olympic and Paralympic movements.
During the period of this plan, the **“sports participation population”** will be expanded and the sports world will promote cooperation and collaboration with other fields to realize a **“100 million sports participation society”**.

Future consideration / Message for the future

Based on the discussion, IC has summarized the further discussion topics and message for the future as follows.

1. The necessity of guidelines for the utilization and licensing of a game title (IP : intellectual property)

- As described in chapter 2, if the esports market in Japan expands as targeted, the size and the frequency of esports event, spectator and online viewer of the event, and sponsors are expected to be increased, leading the esports market to a virtuous cycle. For the realization of the virtuous cycle, further discussion on the necessity of guidelines for "IP utilization / licensing" is essential.

2. Establishing a foundation to transmit esports information for the realization of symbiotic society and regional revitalization

- Advanced programs are implemented in various regions of Japan for the realization of a symbiotic society and regional revitalization, but limited numbers of people are aware of the programs. For the programs to be scaled out, the current situation must be improved.

3. Investigate educational values of esports and obtain evidence

- For the introduction esports to various education scene, investigation of educational value of esports and obtain evidence is essential.
 - Introduce esports to classes, adopt esports to club activities
 - Utilize gamification elements of esports to current classes
 - Develop human resource including esports players

End