

Value exploration and analysis of game companies

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Abstract. The rapid development of society, the cost of living increases, so that people's life pressure increases sharply. Some people want to play some electronic games to reduce stress, because some games don't have to be bought. Some people charge money in the game for a better experience. In real life, most people are always compared, but also than others, in the game, money can get the envy of others, so as to get a feeling of pride, let people after a hard day, go home to open the game found that they are great, they also can be compared to others, they can get confidence in the games. This paper analyzes which game company is the most suitable for investment by comparing the net profit, water flow and revenue of Tencent games, Netease games, Mihoyo games. Through analysis, this paper analyzes the financial data and finds that although Tencent Games has the highest debt, its net profit and revenue are also the highest, and finally comes to the conclusion that Tencent Games is suitable for investment.

Keywords: People's pressure; electronic game; charge money; games companies.

1. Introduction

Due to the continuous development of social science, technology, economy and other aspects, the social pressure is too big, and the cost of living increases rapidly. People focus their lives on work, their lives are on the line, their hearts are empty, life is boring, because life and work are too tired, people reduce communication with others in leisure time. At the same time, electronic products are constantly updated, and the functions of electronic mobile phones are more and more developed, which is more convenient for people's life. In China, most people have been trained to keep up with the Joneses since childhood. In the current society, people are too much compared, and people begin to gain freshness and higher emotional value in games to make up for the difficulty and boredom of life. They fill a lot of money in games, which is also known as krypton gold, to get new skin in this way, and at the same time, they insist on playing games, hoping to have a higher level. Compare yourself to others. The "meta-universe wind" blows with vigor, making video games once again pushed to the foreground - the declaration of "the entrance to the meta-universe is video games" makes people happy and worried, happy is the most important vision it promises, and worried is that in reality, capital can easily "confiscate" the game assets owned by players in the form of clothing. Under the bondage of capitalization, the current video game has been alienated into a machine that captures the player's life, if it does not start from the game itself, but only considers it as an established "black box" and explores its external influence [1-2].

Since the epidemic period, the revenue and products of the game market have increased rapidly, and the number of game anchors has exploded, bringing heat to the game. The game and the anchor are interdependent, the anchor relies on the game for live broadcast, and the anchor brings heat and popularity to the game, so as to increase the game downloads and play volume, and improve the probability of players charging money. At present, there are three well-known game companies in the market, Tencent games, NetEase games, Mihoyo. This article will focus on the financial data of these three games.

The current social pressure is huge, in order to reduce the pressure, people choose to vent in the game, rather than the reality, people prefer to communicate with people on the Internet. Some people choose to recharge for a variety of skin for more game experience or the envy of others, and game anchors make money for better live broadcast effect, so that game companies can profit from it. This paper will analyze the financial situation and game mode of the three game companies and explore the most suitable companies for investment [3-4].

In the current rapidly developing society, prices are soaring, and many people's salary is barely enough to live on, but people will have some money left over to spend on games, few people will save some money, and most people will even owe some money. This paper analyzes the situation of increasing social pressure, and studies the reasons why players gain emotional value and make money in games. And an investment analysis of three companies.

Explore the reasons why people live under great pressure and choose to play games, as well as the reasons why people make money in games, compare some financial data of Tencent games, NetEase games, Mihoyo games, and find out the most suitable company for investment.

2. Fundamental analysis

Since the outbreak, the gaming industry has grown rapidly, with a rapid increase in gaming products. During this period, many anchors stood out at this opportunity and promoted the explosive development of the short video industry at the same time. At present, Tencent's game of light and night love, NetEase's fifth personality, the original god of Mihoyo has quite high heat. Since the emergence of esports as a sport, major competitive games began to hold games to attract tourists to play.

Due to the rapid development of society, economy, technology and other aspects, prices are soaring, but people's wages have not risen much, and jobs are difficult to find, many people work hard, in order to get promoted or keep their jobs, resulting in people have no time or energy to socialize, resulting in people do not even know their neighbors. At the same time, the pressure of people has increased, and the number of people suffering from mental illness has increased. Most parents want their children to study hard, get good grades and have a good job in the future, they don't want their children to do hard work, which brings great pressure to their children, now the news of children committing suicide because of depression is not uncommon, when the children grow up, parents hope their children will be promoted and get a raise. Most people play games to reduce pressure. For them, games are not only a thing formed by data, but also a channel for the mind to relax, gain a sense of accomplishment, reduce pressure, and quickly get happy relaxation after a hard day. People can get emotional value by winning games. In a healthy family environment, parents are emotional containers for children, and only emotionally stable parents can provide a stable and safe haven for children to receive love and support, a sense of security and belonging. However, the accelerated pace of society, the increase of parents' work pressure and economic pressure have led to the current emotional state of most adults is anxious. The child is at the bottom of the biological chain in the family, often passively subject to the father

Mother's anxiety, but become the container of parents' emotions: fear of parents angry, worried about being scolded by parents, over time, the child's emotional depression and even overwhelmed and collapsed. The worse effect is that children identify their parents' negative emotions as disapproval or even total denial of themselves, which has a devastating impact on the establishment of children's personality. Depression and hollowness are all caused by feelings of self-worthlessness, self-denial and even self-attack. Parents' emotions are like the upstream of a river, parents are in negative emotions for a long time, and the downstream is bound to be polluted. Therefore, some sensitive children will retreat to electronic products to seek help [4].

Now the standard of living has developed greatly, and people have gradually moved from "full food" to "good food", which is something to be pleased about, but people have found that the days are better, but the spirit is not as good as the previous "full food" period. A lot of savings, a big house, a car, but to carry a lot of pressure to live, this is a common problem in the city. High intensity work every day, the way of people, the reason of doing things, the heart is always full of pressure, in this way, every day you chase me, not willing to lag behind, worried about poverty, physical and mental exhaustion, health overdraft disease upper body. From middle age to youth, no exception [5-6]. Most domestic mobile games adopt the model of "free + in-app purchase" (that is, the game threshold is free, and the in-depth content is paid). The number one problem for game publishers is how to create

demand for virtual goods to sell in-game products for revenue, that is, to get players to spend money. Most games adopt what can be called the "liver" strategy, which attracts players to invest a lot of leisure time and energy in the game to act as the glue between the game and the "zero-kr" players (that is, free players who do not pay for the game), forcing players to trade labor for game value, and the game platform to absorb the content and data value of the players in the game. Numerous studies have examined the relationship between gamers' willingness to spend money, willingness to continue playing, and gaming loyalty as consumers. In recent years, the game circle has undergone a transformation of "rice circle", and how to extend the life cycle of players' games, develop fandom and fine operation has gradually become an important issue for game publishers to think about [6].

People krypton gold for many reasons, first of all, people feel that work, study boring, boring, they krypton gold to buy skin, they can get others envious eyes, can have a strong sense of self-esteem, plus after the money, can have a good game experience, for some people, do not recharge will be at the bottom of the contempt chain, recharge can obtain the respect of others, Soar in the game to satisfy your vanity. The game mechanism has been set up, from just a little money to more and more, so that the player is addicted to money, the player's money in the game will be converted into the electronic currency in the game, the player can use this electronic currency to draw the card, the card mechanism has a guarantee after drawing a certain amount, the player has a gambler's psychology in this, always feel that they can draw the next time. Talking about the origin and development of the card mechanism, we must first define the concept of "card". In the modern Internet sense. Card drawing is a mode of operation of a video game, which is a transaction method that limits certain content within the game and requires a certain probability of drawing from the card pool by spending virtual currency.

In fact, with the development of the game, the form called "draw card" has undergone many changes from ancient times to today. What this article wants to discuss is the essence of drawing cards: the act of spending a certain amount of money to obtain one of several items of uneven value completely at random. Similar practices can be traced back to fortune-telling, a form of divination, in the Yin and Shang dynasties. This paper focuses more on the analysis of modern and contemporary business models similar to the nature of the card drawing behavior, rather than the analysis of the history of the card drawing. The term "drawcard" derives from the Japanese word for twisted egg "GACHA", which originated in the United States as a way to sell goods by randomly drawing coins. [1] According to some studies, krypton gold has a lot of negative effects on college students, such as psychological problems such as loneliness, emotional irritability and aggressive personality, resulting in economic pressure and affecting normal communication with peers and family members. Social work is particularly concerned about this. [3] In recent years, the popular concept of "IP" in China's entertainment industry and content industry does not fully correspond to its original English meaning of "intellectual property", but usually refers to content products with high visibility, a large number of fans, derivability and profit potential. In this sense, some games have obtained the authorization of popular literature, film and television or animation works, and adapted game products using the character, world view or plot, hoping to quickly occupy the market with the help of the original fan base, promote consumption and generate profits [7-9].

3. Analysis of the performance of enterprises in the stock market

3.1. Overview of basic enterprise information.

Tencent Games: The company was founded in 2003, is China's largest online game community, the brand concept of Tencent games is "to discover, infinite possibilities", to "happiness drive possible: find happiness is human nature, because of happiness, because of happiness to explore, when we pursue happiness through games, it opens a door to more possibilities" as the brand belief. The goal of the brand is to be a brand that has original creativity in the game industry, creates and releases the best works to share happiness, and hopes to bring positive social values in China, become a more humane and warm brand, and become a world-renowned brand that is respected and expands the boundaries of games in the world. Tencent Games has a number of products, among which "Gold

shovel shovel War", "Light and night love", "Peace elite", "King of Glory", "Naruto", "Shine warm warm" are famous, the company's products tend to competition, leisure, entertainment.

NetEase Games: Founded in 2001, NetEase Games slogan "game lovers", its many products have made major breakthroughs at home and abroad, as of 2020, NetEase has been ranked TOP20 global mobile game developers in terms of revenue for four consecutive years. It has many popular products, such as "The Fifth Personality", "Egg Party", "A Chinese Ghost Story", "Onmyoji", "Harry Potter: Magic Awakening", the company's games are more casual, competitive and entertainment.

Mihoyo: The company was founded in 2011, its brand concept is "Something New", adhere to the principle of "technical house to save the world", the use of advanced technical skills in the game, its vision is "by 2030, to create a virtual world that one billion people around the world want to live in", and has developed a number of high-quality and popular products, such as "Crash 3". "Undetermined event book", "Original God", "No zone zero", "Collapse: Star Dome Railway", the company's products are leisure and entertainment.

3.2. Profit perspective.

Profit is a company's total revenue minus total costs, the money the company makes, while net profit is profit minus the money for things like taxes. From the perspective of profit, Tencent game net profit of 89.5 billion yuan, NetEase game net profit of 14.631 billion yuan, Mihoyo net profit is 16.1 billion yuan, Tencent game net profit is the highest, from its various games, there are popular worldwide, there are niche, there are almost meet everyone's needs of the game. The net profit of Mihoyo, which produces several blockbuster games, was not far behind. NetEase games have the lowest profit, because many of its products have been pointed out that the service is not timely, but there are still explosive products, if the service is more timely, more quickly improve the BUG of the game, you can get higher profits.

3.3. Risk perspective.

Liabilities are loans taken out by a company from a bank, or liabilities incurred when a transaction is made. In terms of debt, Tencent's game debt of 727.4 billion yuan, is the highest among the three game companies, because the production of a large number of games, some games can not get high profits, even revenue can not be higher than the cost, the net profit obtained by popular games is not enough to pay off the loan, followed by NetEase's game debt of 6.742 billion yuan, in comparison, NetEase games slightly less games, there are revenue below the cost of the game, but the net profit of popular games is relatively high, so the debt is relatively small, on the network data, Mihoyo did not have a clear amount of debt, so it is difficult to compare.

3.4. View of marketing.

Operating revenue.

In the half-year report of 2024, the total revenue of Tencent games was 320.618 billion yuan, the total revenue of NetEase games was 52.838 billion yuan, and the total revenue of Mihoyo was 30 billion yuan. Tencent Games generated the most revenue, followed by NetEase games, and finally Mihoyo. Tencent games have the most game products, and there are relatively more explosive games, NetEase games also have more games and explosive games, the two companies have been in the game industry for a long time, and Mihoyo is not long, game products are relatively few, explosive games will be a little less.

Net margin.

In the half-year report of 2024, the net profit of Tencent games was 89.5 billion yuan, the net profit of NetEase games was 14.631 billion yuan, and the net profit of Mihoyo was 16.145 billion yuan. Tencent game's net profit is the most, followed by Mihoyo, NetEase game's net profit is the least. Tencent games are the most explosive games, the most people who charge money, Mihoyo games also have explosive games, NetEase games because of bad service, charging money will not have a better game experience, charging money less people.

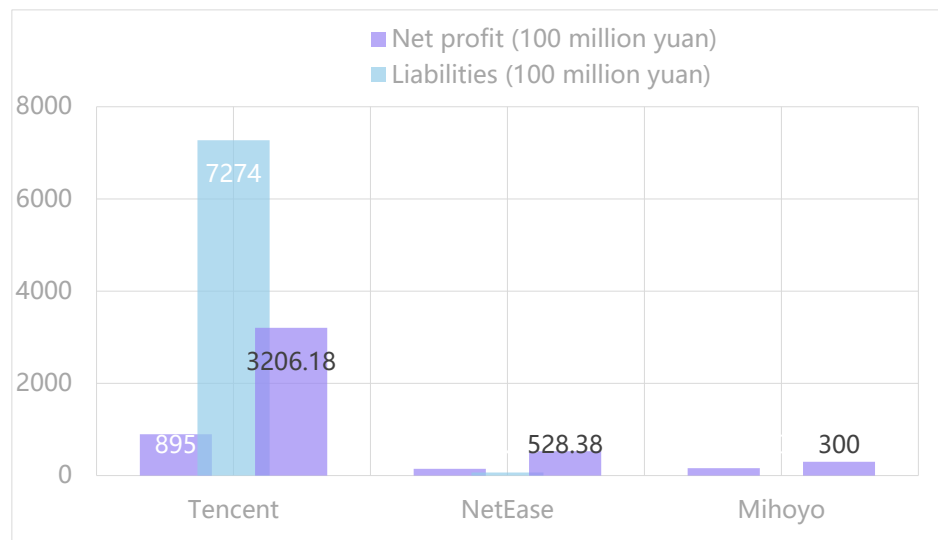


Fig. 1 Firm index

Main business income.

In the half-year report of 2024, Tencent Game's "Love of Light and Night" running water is 462 million yuan, NetEase game's "Fifth Personality" running water is 25.5 billion yuan, and Mihoyo's "Original God" running water is 2.3 billion yuan. "The Fifth Personality" has the highest water flow, followed by "Original God", "Light and Night Love" has the least water flow. At present, "the Fifth personality" has a high level of heat on the network, there are many linkages, and players like to play terriers, attracting a large number of users. With the development of the e-sports industry, the development of esports and its branding maturity has also been a considerable degree of development, esports has a wide range of attention with traditional sports events, can gather different levels of different areas of the audience, and meet the diversified needs of the public esports experience, which is the reason for the rapid development of esports. High attention and high exposure also provide prerequisites for esports brands to increase awareness. Escrow is deeply loved and sought after by young people, has a huge market value and potential, and its brand is brought about by the continuous (Figure 1).

Considerable market income and impact is immeasurable, this income method is different from the traditional economic industry of high energy consumption, high pollution, is a more flexible way to carry out cultural publicity and market income, can be in the brand image building and promotion, complete cultural output and economic growth [8].

"Original God" attracts a large number of players due to its novel gameplay, the game positioning oriented IP construction, open linkage IP operation strategy and localization of overseas operations are key factors to promote domestic games to the sea and cultural export. This shows that the success of Chinese game companies in overseas markets not only depends on the advantages of technology and products, but also needs to deeply understand and respect the cultural differences of the target market, and adopt effective localization strategies. In cross-cultural communication, domestic games should pay attention to the integration of foreign cultural elements, display the charm of traditional Chinese culture, pay attention to the localization of non-text content, innovate game content and communication channels, as well as the integration of culture and tourism and the application of high-fidelity elements, so as to improve their international acceptance [9]. In the current society, women's independent thoughts are spreading, but there are still some people who think feudalism. Love of Light and Night is famous for respecting women, spreading correct values, reducing prejudice, and loving oneself. In B female games, the game walkthrough allows novice players to quickly master the game's gameplay, understand the game's plot content, character Settings and latest developments, so that players can explore the game more efficiently and easily. Although there is no complexity in the game play, there are various modes in the game, daily activities are more frequent, and there is no novice teaching and clearance skills in the game, mainly by players themselves, so the existence

of the game guide is still very necessary. Writing game walkthroughs takes a lot of time and effort from players, who need to have a very high level of understanding of the game and experience the activity as quickly as possible every time they go out, so as to provide the most time - and money-saving gameplay to other players [10].

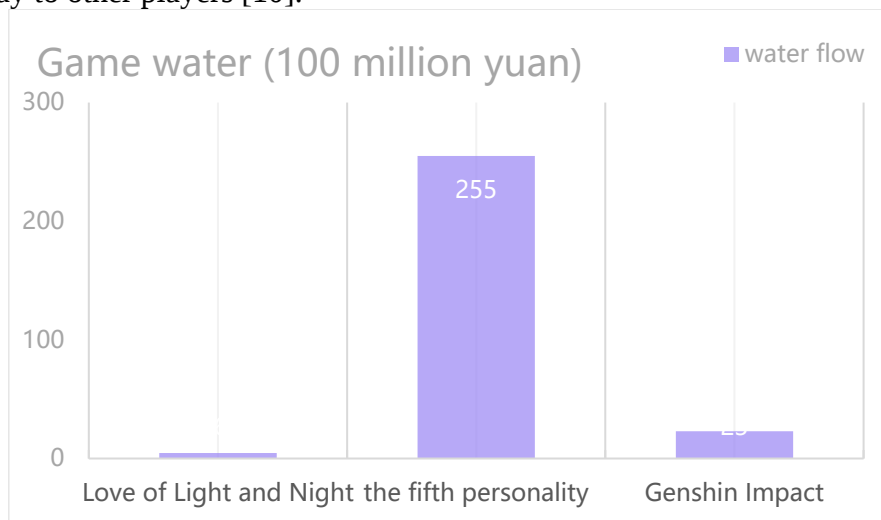


Fig. 2 Multi-dimensional contrast

3.5. Risk situation analysis

Tencent game: "People's Daily" attacked "King of Glory" falsifying history, only for profit, misleading primary school students, CCTV named and criticized, angrily denounced "spiritual" opium. In 2022, "King of Glory" was found to be copied from NetEase's "Space and Time Travelers". "Love of Light and Night" competing products include "Out of the world", "Love and Deep Space", "Painted travelers in Time and Space", "Undetermined Event Book" and other B female games. Tencent Games' main competitor is NetEase Games (Figure 2).

NetEase games: Many children took money from adults to "Egg Party" and were required to refund minors, so NetEase improved real-name authentication for adults to play. NetEase games suspended a number of games in 2023, such as "Advance War Zone", "Room 3", "Border Tour" and other games, and "Advance War Zone" suspected of copying "Fearless Contract" was sued, "God All Night Tour" due to poor revenue was suspended. Players pointed out that NetEase games often appear bugs, often no response in the game service.

Mihoyo: "Original God" is not on the channel service, which is considered to be damage to the interests of the channel service. Mihoyo hammer in the rice tour club has a large number of water army, even fans of the game are also said to be water army. Mihoyo Investment Blizzard, sued Minmetals International Trust Co., Ltd. business trust dispute, involving 2.3 billion financial can not be paid.

4. Conclusion

This paper analyzes the reasons why people play games and charge money in games in the current society. The main reason is that the society develops too fast, which brings great pressure to people. People choose to play games in order to reduce pressure, and charging money in games can bring people a better game experience, help people reduce pressure, and also get the envy of others. This paper selects three game companies, Tencent Games, NetEase Games and Mihoyo, to analyze from the aspects of profit and flow, etc. Tencent Games has the highest net profit and total revenue, and also the highest debt. NetEase Games has relatively low debt, although the net profit is the lowest, the total revenue is relatively high, and Mihoyo has relatively high net profit but the total revenue is the lowest. Thus found Tencent games suitable for investment.

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