# China's High-Quality Game Market Development and Competition

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**Abstract.** With the popularity as well as the development of mobile technology, mobile games have become an integral part of life. This article will make suggestions for the development of China's game market through trend judgment and analysis of representative works of various manufacturers. This research paper focuses on the representative works of Tencent, NetEase and Miha Tour, as well as the overall share of China's game market and the development trend of the past few years to make judgments on the future development of China's game market. This research paper concludes that handheld games will still have a lot of room for development in the Chinese market in the future and suggests that game makers can innovate gameplay, create more IPs and create unique social platforms to develop handheld games.

**Keywords:** China's game, Genshin Impact, Game industry.

## 1. Introduction

### 1.1. Background

The Chinese gaming market is one of the world's largest game markets. It has developed rapidly and is influenced by the global gaming industry. With the improvement of economic strength, the improvement of technology and the continuous upgrading of consumer demand, the Chinese game market has shown unique development trends and market competition. In November 2018, the State Statistics of Warde Games (Stations Statistics of Warde Games) divided the game production industry into "strategic emerging industry classification". It seems that the Chinese government will encourage the development of the game. According to the "2013 Game Industry Report" released by GPC: the game's sales revenue is 831.7 billion yuan. However, the "China Report from January to June 2023" by the Chinese Institute of Music (GPC) and the China Institute of Game Industry. The revenue of the Chinese gaming industry from January 2023 to June, was 1442.63 billion yuan, an increase that rose to 22.16 % every month. Seeing the speed of Chinese games is fast. It's only ten years. In the first half of 2023, the revenue of the game industry in 2013. However, the growth rate of mobile game users has decreased year by year, and the game market has been saturated.

### 1.2. Related research

Tomasz compared the Chinese game market and the global game market through in-depth analysis and research. It is believed that China's fast-growing video game market and low barriers to entry provide opportunities for Polish game producers. However, cultural differences and language barriers may pose challenges for Polish game developers. In addition, piracy is also a major obstacle in the Chinese market. All in all, Polish game producers can tap the potential of the Chinese video game market if they adopt appropriate adjustments and strategies. [1] Luo used PEST analysis, Porter's Five Forces model and SWOT analysis to analyze NetEase's online game in depth. The internal and external environment of the game business and the company's core competitiveness should be fully utilized for NetEase's online game business. NetEase should combine with the opportunities brought by the market, NetEase should formulate a competitive strategy that combines its own reality and conforms to its own development [2]. Ding conducts an in-depth study on listed game companies. By constructing models and regression analysis, the impact of government subsidies on the competitiveness of listed game companies is studied It is concluded that there is a positive impact of

government subsidies on the competitiveness of enterprises [3]. Bao offers an in-depth analysis of China's mobile gaming industry examining its development, challenges, and trends. Based on data from various sources, including industry reports and surveys, it concludes that the industry has experienced significant growth due to smartphone popularity. The study highlights the preference for mobile gaming among Chinese youth and identifies competition and product differentiation as key challenges. Recommendations include improving game quality and investing in technological capabilities. Overall, the study provides insights into the current state and potential of the mobile gaming industry [4]. Li utilizes case studies, in-depth interviews, questionnaire surveys, and participant observation to analyze the formation of virtual communities in the mobile game "Genshin Impact" and its impact on players. Research considers that the two-dimensional online gaming virtual community in "Genshin Impact" has the potential to form positive interaction rituals, guiding game developers to design more positive value-based interactions and promoting the sharing of positive social values within the community [5]. Wu et al. examined gaming behavior in China before and after the COVID-19 pandemic and its lifting through a nationwide online retrospective survey. Participants were recruited using convenience sampling and data were collected through an online survey platform. Participants who reported increased gaming behavior also had higher levels of stress, anxiety, and depression compared to those who did not. The research suggests that gaming behavior may be a coping mechanism for stress but may also be associated with negative mental health outcomes [6]. Liu examines the impact of the Chinese online dancing game QQ Dazzling Dance on gender relations in contemporary China. It explores the interplay between intimacy and digital dating in the game and suggests that video games can provide a wider range of choices for gender and romantic relationships than reality [7]. Cai et al. utilize the K-mean algorithm and linear regression analysis of posterior segmentation to investigate the relationship between player behavior as well as the independent variables and the intention to switch from traditional to mobile gaming. Research suggests that mobile gaming does not replace traditional gaming, but rather complements traditional gamers [8]. Liao is mainly using documentary analysis. The research analyzed a variety of archival materials, such as government documents, company reports, industry interviews, news reports, statistics from research institutes, blog narratives and videos, as well as interviews with gamers in the 1980s. It concludes that China's specific socio-political, economic, and cultural environments have contributed to the complexity and dynamism of console gaming in China [9]. Liu and Lai invited qualitative interviews with players of Honor of Kings and LoveR and analysis of the data revealed the impact of gender identity and game subculture on game preferences and experiences. The research found that underrepresentation, over-sexualization, and limited playability of female characters in games may alienate female players [10].

### 1.3. Objective

In this research, we will analyze the development trend of China's game market and make suggestions for the development of high-quality games in China. In the second chapter, the current situation of the game market in China and the market share of different kinds of games are introduced. The third chapter introduces the overall trend of game development and the individual trends of each manufacturer.

## 2. The current state of development of the games market

China's gaming market is one of the largest in the world and is huge and growing. In terms of share, mobile games dominate the Chinese gaming market. According to Thinking Data's report, by 2022, the total size of China's game market will reach 265.884 billion yuan, of which mobile games will account for 70% of the whole market. In addition, PC games and console games also occupy a certain share of China's game market. Despite the popularity of mobile games, there are still many players who prefer to enjoy high-quality gaming experiences on PCs and consoles. In particular, the rise of e-sports games has further boosted the development of China's PC gaming market. Overall, China's

gaming market is large and growing, with mobile gaming accounting for 70% of the market. As technology advances and consumer demand grows, the Chinese gaming market is expected to continue to expand, as shown in Fig.1.

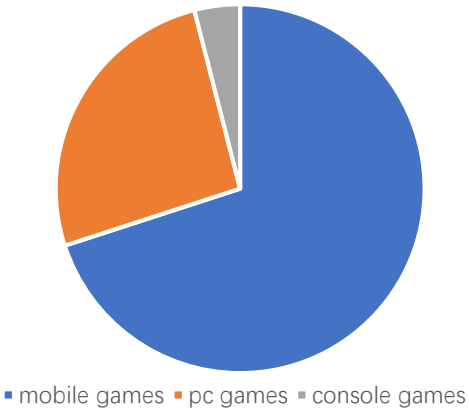



**Figure 1.** Market share of games by category, 2022

### 2.1. Manufacturer, Representative

Tencent, NetEase and Miha Tour are all companies that have achieved great success in the gaming field, and their masterpieces will be analyzed below.

One of Tencent's masterpieces is the Honor of Kings. This game is a multiplayer online versus competitive game that has attracted hundreds of millions of players. Honor of Kings is known for its beautiful graphics, rich and diverse hero characters, and deep strategy. The game offers a variety of game modes such as adversarial and cooperative. Tencent keeps the game fresh through constant updates and improvements and regularly organizes global tournaments to attract top eSports players and spectators. The success of Honor of Kings has made Tencent one of the largest gaming companies in the world.

Miha Tour's masterpiece is Genshin Impact. It is a role-playing game, known for its beautiful graphics and animations. The game tells the story of a world full of crisis and destruction, where the player needs to play the game character to fight enemies and explore the world. Genshin Impact offers an in-depth storyline and diverse gameplay such as combat and quest modes. Miha Tour attracts and maintains players' interest by constantly releasing new episodic chapters and events. The game has been a huge success worldwide and is particularly popular in Asia.

Against the Current is a role-playing game developed and published by NetEase Games. This game is based on the web series of the same name, "Justice Online", and the story is set in the world of ancient China's rivers and lakes. It has exquisite graphics and realistic scene design. The game adopts advanced graphic technology to present detailed character modeling, gorgeous scenes and smooth dynamic effects. Players can swim in the game, enjoy the beautiful landscape and ancient architecture, and feel the real atmosphere of the Jianghu. As well as the player's freedom and immersion. Players can choose different role-playing with their own unique skills and characteristics. The game offers a rich variety of plot missions and challenges, and players can freely choose the strategy and path of the missions according to their preferences and goals. At the same time, the game also has a variety of social interaction methods, players can make friends, team up and cooperate to complete the quests together, or participate in gang activities to communicate and compete with other players, increasing the fun and interactivity of the game.

### 2.2. Profitability Level - Judgment Based on Genshin Impact

Genshin Impact's earnings trend in China can accelerate continuously. The following is a judgment of the profitability trend of Genshin Impact in China: Large user base: Genshin Impact has a large user base in the China market. According to data published by miHoYo, as of March 2021, Genshin Impact has over 200 million registered users in China. This means that in China, Genshin Impact

already has a large player base, providing a strong foundation for the game's profitability. Genshin Impact uses a free-to-download model but is monetized through the in-game virtual currency of raw stones. Players can use raw stones to purchase the in-game card draw mechanism, which allows them to obtain rare items such as characters and equipment. In 2022, Genshin Impact has grossed more than 37.752 billion. The game's earnings come mainly from high spending on card draws and in-game sales of virtual items. As the number of users increases and the game's content is updated, Genshin Impact's revenue is expected to continue to grow.

## 3. Trend determination

### 3.1. Overall trends

The mobile gaming market in China has grown rapidly in recent years and is expected to continue to grow in the future. Mobile gaming will continue to be an important driver of the game market in China with the increasing number of smartphone users and the popularization of mobile networks. China's eSports industry has also seen great success in recent years. It is expected to continue to flourish in 2023. With the increasing number of eSports tournaments and eSports clubs, China's eSports market will continue to attract more investment. The main types of games are MOBA, MMO, RPG and FPS, In the future, these four types of games can be well developed, people can socialize in the game, play competitions, organize offline activities, etc. In recent years, with the development of technology, game graphics have become more and more detailed, with various manufacturers making their games more realistic.

### 3.2. For Manufacturers

#### 3.2.1 Miha Tour

Miha Tour has been a successful developer and publisher of several highly popular games, such as the Wipeout series and Genshin Impact. In the future, Miha Tour may continue to expand its game development and publishing by launching more new games to meet the needs of different types of players. Miha Tour has a wealth of game IPs, some of which have been adapted into other media such as anime, manga and novels. In order to maximize the value of its IPs, Miha Tour may further expand the cross-media rights of its game IPs and cooperate with various media companies for the promotion and launch of more related derivative content. As a game development company, Miha Tour may continue to invest in technological innovation and research and development in order to improve the quality of its games and the experience of its users. According to some research on Miha Tour, it will probably work on developing more advanced game engines, exploring new applications of technology, and introducing more innovative gameplay and mechanics.

#### 3.2.2 Tencent games

Tencent Games has already ventured into several game genres, including role-playing games, shooting games and strategy games. In the future, Tencent Games may further expand its game genres to meet the needs of different types of players. As a technology-driven company, Tencent Games may continue to invest in technological innovation and research and development to improve game quality and user experience. It may work on the development of more advanced game engines, the exploration of new technology applications and the introduction of more innovative gameplay and game mechanics. Tencent Games has a significant presence in the esports market in China and is actively investing in and developing the esports industry. Tencent Games may continue to strengthen its support for eSports and promote the development of the eSports industry in the future.

#### 3.2.3 NetEase

NetEase Games has a high market share in China's mobile gaming market with some very popular mobile games such as Yin Yang Shi and Fantasy Westward Journey. NetEase Games is expected to further consolidate its leading position in the mobile gaming market with the increase in smartphone

users and the popularization of mobile networks. NetEase Games has a wealth of game IPs, such as "Fantasy Westward Journey" and "Westward Journey of the Great Lies". In order to maximize the value of its IPs, NetEase Games may continue to develop and create more influential IPs and actively expand its cross-media rights by partnering with various media companies to promote and launch more related derivative content.

## 4. Conclusion

This research has examined the analysis and judgment through the existing market share of China's game market as well as the development trend in recent years and analyzed and judged the future development trend through the merits of various types of game manufacturers. The study found that handheld games dominate the Chinese game market today, as well as a small number of endgame and console games. And through the data analysis in the Chinese market, the future situation of the hand game will be in a long-term dominant position. This study illustrates that handheld games still have huge room for development in the Chinese market and argues that Chinese game makers can focus on developing handheld games. Developing more innovative handheld gameplay, creating more new IPs to attract users and creating unique social platforms for players to make friends in the game.

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