

China Cloud Gaming Technology Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The market for cloud gaming in China is expected to register a CAGR of 20.2% over the forecast period. With China's population spending heavily on mobile games, the industry's growth rate is five times that of the region's average. Also, with capabilities growing at about four times the rate of its domestic internet service, the country is well on its way to becoming the leader in meeting the cloud data storage needs of the gaming industry.

Key Highlights

In June 2016, Chinese President Xi Jinping outlined his vision for China to become the leading player in science and technology. It is slowly emerging as a technology superpower, competing with the United States. In the technological scenario, rapid economic growth has resulted in reduced fiscal deficits and gradual, progressive economic reforms.

China has taken the lead in creating 5G technology and constructing base stations nationwide. China had roughly 1.4 million stations installed by the end of last year, according to the Chinese official website gov.cn, and China Mobile promised in November last year to roll out nationwide 5G signal deployment by the end of the current year. The prevalence of cloud gaming is highly dependent on the universal use of 5G.

Many of the country's big players in the sector have started their projects in the expanding market due to China's rapid infrastructural development, which offers favorable conditions for cloud gaming. For instance, GameMatrix and START are two cloud gaming platforms created by Tencent. GameMatrix, originally CMatrix, specializes in cloud games for mobile devices. START's most well-known game is the cloud version of Fortnite, a well-known battle royale shooting game on PC and console, which is now a free platform for cloud games on PC and console.

While ByteDance launched a closed test for its cloud gaming platform Aoligame in January last year, NetEase started its beta test for NetEase Cloud Game in late 2019. Another significant gaming company in China, Seasun, created a cloud game client that reduced the size of their well-known MMORPG, XJ Online III, from 80GB to just 26MB. Live-streaming platforms also brought

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attention to cloud gaming. The two most significant streaming services in China, Huya and Douyu, respectively, launched their cloud gaming services in July and March last year.

Leading Chinese IT companies, in addition to game developers, have taken the lead in pushing cloud gaming upstream by successively creating tech-driven cloud platforms. China Mobile, China Telecom, and China Unicom, the country's top three telecom providers, have invested in cloud-based gaming services. Huawei has also put a lot of effort into gaming through its Huawei Cloud division. The company wants to use "new technology for low prices and a better experience" in cloud gaming. The COVID-19 pandemic resulted in game delays and scope scale-downs expected to prevent the console gaming sector from witnessing the same gains as a mobile platform. But it has also been helpful because people are playing on-demand games on their phones or consoles when they have free time. This means that serious gamers, casual gamers, and social gamers all want cloud gaming.

China Cloud Gaming Technology Market Trends

Growth of Smartphones to Drive the Market Demand

Cloud gaming subscriptions in China outnumber all other users combined, and the country has a history of high mobile gaming uptake and low rates of console ownership. Regardless of age or smartphone brand, consumers in China play games on their smartphones and tablets more than consumers in any other region, and subscription costs are also significantly higher.

Due to the rising popularity of smartphones over the past few decades, China's contemporary mobile game market has undergone a tremendous transformation. Most young people in China use cell phones to browse the internet or play games, which increases the competitiveness of mobile games. Numerous Chinese businesses sell smartphones that are packed with gaming-specific functionality.

For instance, in December this year, the Red Magic 8 Pro is scheduled to debut as the first gaming smartphone to use Qualcomm's cutting-edge Snapdragon 8 Gen 2 SoC. Pre-orders for this gaming smartphone have just started to be accepted in China. The gadget will include a 6.8-inch OLED screen with Full HD+ resolution and a fast refresh rate. Further, being a gaming smartphone, it will also be equipped with a powerful cooling system to control temperatures when performing demanding tasks like gaming. A heat-dissipating turbofan will also be a part of this cooling system. A 16-megapixel selfie camera will be located in the front, and a 50-megapixel triple camera arrangement is anticipated for the back.

Top domestic smartphone manufacturers like Xiaomi, Vivo, and Huawei are manufacturing gaming-specific smartphones because they see them as a distinctive approach to appealing to their younger consumer base. Lenovo and Asus, two companies that make laptops, are getting into the gaming smartphone market. Asus has the ROG Phone series, and Lenovo's best gaming phone is the Legion Phone Duel 2, which came out in April last year.

However, the Chinese government's gaming regulation to control the addictive nature of online games and protect the younger generation from the addictive nature of the games may be a restraint for the overall market. China began enforcing new regulations in August last year to restrict minors' time playing internet games. Young players are now only permitted to play during public holidays, Friday through Sunday, from 8 p.m. to 9 p.m. The National Press and Publication Administration asserts that the goal of the video game ban is to safeguard children's physical and mental well-being. For a while, the Chinese government has been worried about eye issues among young gamers.

Rapid Advances in Technological Developments to drive the Market

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The most important high-tech advances are 5G mobile communications technology, improvements to smartphones, China's digital currency, and cloud infrastructure services in China, which are driving the cloud gaming market in the region.

According to the 14th Five-Year Plan, China wants to raise the value added by digital economy companies to its GDP by 10% by 2025. (14th FYP). According to the plan, the government is driving Chinese industries' digital transformations to unprecedented heights. To enhance the governance structure of the digital economy, Beijing also intends to make digital public services more inclusive.

To do this, the Chinese government is putting more money into research and development for 6G and encouraging innovation in key areas like integrated circuits and artificial intelligence (AI).

China had 2.22 million 5G base stations nationwide as of September this year. From the end of the last year, the number indicates a net increase of 795,000 5G base stations. According to data from China's Ministry of Industry and Information Technology, the total operating revenue of the country's telecom sector increased by 8.2% between January and September of last year to approximately CNY 1.2 trillion (USD 167.37 billion).

Emerging businesses such as big data, cloud computing, internet data centers, and the Internet of Things registered a rapid revenue increase. The Chinese telecom market is growing quickly, which will be good for the Chinese cloud gaming market.

China Cloud Gaming Technology Market Competitor Analysis

The market is concentrated, with a few legacy vendors like Tencent, 37 Interactive Entertainment, and NetEase dominating it. The publishers and channels, then, have much more control over the gaming scenario.

In September 2022, the world's largest video game firm by revenue, Tencent Holdings, partnered with Swiss-American computer equipment maker Logitech to produce a portable game console that may compete with Valve's Steam Deck. Logitech G Cloud is a portable gaming device made by Tencent Games and Logitech G. It will be able to stream games from the cloud from Microsoft's Xbox Game Pass Ultimate and Nvidia Corp.'s Nvidia GeForce NOW.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Deliverables

1.2 Study Assumptions

1.3 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS

4.1 Market Overview

4.2 Introduction to Market Drivers and Restraints

4.3 Market Drivers

4.3.1 Rapid Advances in Technological Developments is Driving the Market Demand

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4.4 Market Restraints

4.4.1 Fluctuating Government Regulations Regarding Gaming Industry is Discouraging the Market Growth

4.5 Industry Attractiveness - Porter's Five Forces Analysis

4.5.1 Threat of New Entrants

4.5.2 Bargaining Power of Buyers/Consumers

4.5.3 Bargaining Power of Suppliers

4.5.4 Threat of Substitute Products

4.5.5 Intensity of Competitive Rivalry

5 MARKET SEGMENTATION

5.1 By Type

5.1.1 Video Streaming

5.1.2 File Streaming

5.2 By Device

5.2.1 IPTV

5.2.2 Smartphones

5.2.3 Computers

5.2.4 Consoles

5.2.5 Connected TVs

6 COMPETITIVE LANDSCAPE

6.1 Company Profiles

6.1.1 Tencent Holdings

6.1.2 NetEase Inc.

6.1.3 37 Interactive Entertainment

6.1.4 Perfect World Games

6.1.5 Elex Technology

6.1.6 Shanda Games

6.1.7 KongZhong Corporation

6.1.8 The9 Limited

6.1.9 NetDragon Websoft

7 INVESTMENT ANALYSIS

8 MARKET OPPORTUNITIES AND FUTURE TRENDS

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