

Explore Export of Chinese Mobile Games: Using Tencent Arena of Valor as an Example

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Abstract: This paper aims to analyze the export mode of Arena of Valor (hereinafter referred to as "AoV") and provide reference for Chinese mobile games to go global. After summarizing the dilemma of current development environment of domestic mobile games, paper first introduce Arena of Valor. Based on its development history and current situation of going abroad, paper performed a qualitative analysis of the overseas mode of Arena of Valor. The paper analyzes AoV from three aspects: first, the selection of export destinations, then the relevant measures for game localization, and finally, the development of its esports events. Based on relevant information, it is concluded that careful consideration and investigation are necessary before choosing an export market; the "software" and "hardware" aspects of the game itself need to be localized; and it is necessary to fully utilize the characteristics of the game itself to generate additional value.

Keywords: Chinese mobile game, Export mode, Arena of Valor.

1. Introduction

In recent years, the video game industry has rapidly risen, and its entertainment functions and accompanying economic and cultural values have made it a hot topic of concern, as well as a highly distinctive development object of the times [1]. With the popularity of smartphones, mobile games, as a new branch of gaming, are constantly expanding in market demand.

Mobile games are rapidly heating up globally, with the overseas mobile game market size being twice that of China. The penetration rate of mobile games in mature markets such as the United States, Japan, and South Korea has not yet reached its peak, and the infrastructure and user payment habits are mature; There is significant room for improvement in both the number of users and ARPPU values in developing markets such as Southeast Asia. Data shows that in 2019, the global market size of mobile games was approximately 415.7 billion yuan, a year-on-year increase of 10.6%. Although the download volume of the global mobile market tends to be flat, the game usage duration and user spending still maintain a strong growth momentum. The growth of the global mobile game market has entered the second half of revenue takeoff driven by user duration. After the COVID-19 pandemic in 2022, the market will turn to the correct direction. In addition to the role of many macroeconomic factors, the global game market will generate 187.7 billion US dollars in revenue, achieving another growth. Among them, the mobile gaming market has reached a scale of 92.6 billion US dollars, although the increase is not significant, it is the largest platform for player spending. By 2030, the estimated annual revenue of the global gaming industry is expected to reach 301.2 billion US dollars, with mobile gaming revenue growing by 32.4% to reach 139.3 billion US dollars. It can be seen that there is still great potential for global mobile game market.

Looking at the domestic market, the sales and user base of China's mobile gaming market have gradually stabilized in recent years, and there are signs of a peak in market space. Since the game license control in 2018, the Chinese gaming

market has been lacking thousands of potential new games that have been approved to enter the market, and the growth rate of the market and user base has always been in a slow growth state. In 2019, the size of China's mobile gaming market was 158.11 billion yuan, a year-on-year increase of 18%. Despite the low base in 2018, the growth rate continued to decline significantly; In 2019, the number of mobile game users was 620 million, an increase of only 20 million compared to 2018. According to data from the Game Industry Committee, the sales and user base of China's mobile gaming market have gradually slowed down since 2020 and experienced negative growth in 2022; The actual sales revenue of China's mobile gaming market in 2022 was 193.06 billion yuan, a year-on-year decrease of 14.4%; The number of mobile game users was 654 million, a year-on-year decrease of 0.3%. In terms of policy, the overseas supervision intensity of mobile games is weaker than that of Chinese Mainland. It is worth noting that, unlike Chinese Mainland, most overseas regions mainly implement the supervision of game content through the "game grading system". This is a grading standard that is applicable to players of every age group. According to the different conditions of each country, the organizational structure of game grading is divided into two types: civil self-regulatory organizations and government regulatory organizations. For example, in overseas regions such as the United States and Europe, game grading is spontaneously established and operated by civil organizations. In addition to game grading, the mobile game market in most overseas regions does not have too many additional restrictions on products. On the whole, the supervision intensity of game content in overseas regions is lower than that in Chinese Mainland. Therefore, overseas first has become a relatively mature game distribution model.

From 2012 to 2015, Chinese mobile game industry was in a period of exploration. At this time, smartphones were rapidly developing in the Chinese market, and domestic mobile game research and development capabilities were also improving. Efforts were also made to export products to overseas markets. The Clash of Kings was a typical representative of exporting at that time. From 2015 to 2018,

there was an upsurge of anime mobile games' export. At this time, the anime became popular in China, Japan and South Korea. According to the statistics of Japanese media, in 2017, China's mobile games achieved a trade surplus in the Japanese market for the first time, of which the contribution of anime games was very prominent. Since 2018, the mobile gaming industry has developed rapidly, with overall research and development capabilities leading the world. Some gaming giants such as Tencent and NetEase are actively expanding their overseas markets with excellent products. The history of Chinese mobile games' export is relatively short, and how to seize the opportunities and challenges in the process is the key.

2. Related Work

2.1. Chinese Mobile Game Market

Most of the literature focuses on the Chinese mobile game market as a whole. They analyze the influence of external factors, such as the national policy background to control the development of mobile games, the development of China's mobile network and equipment, etc., on the development of the mobile game market. In addition, the overall development of the market, including development status, opportunities and challenges, future trends and prospects, is the focus of attention. Some literatures believe that China's mobile game market has developed rapidly since the late 1990s and has become the leader of the global market. In the future, more and more Chinese games will go global and Chinese market will attract more and more foreign games [2].

2.2. Chinese Mobile Game

Overall, the main literature also focuses on the overall analysis of the concept of Chinese mobile games. Some literature has analyzed the business model paradigm developed by Chinese mobile games to integrate different resources [3]. Some literature has analyzed the impact of the rise of Chinese mobile games on the overall industry structure and creativity, indicating that since 2013, the highly centralized industry structure established in the early 21st century has clearly shifted towards decentralization, but this structure does not have a significant impact on the improvement of creativity [4].

In other words, there are relatively few studies that focus on a specific Chinese mobile game and analyze the issue of Chinese mobile games' export. And this is also the innovation of this article.

3. Analysis of AoV

Emergence of AoV can be traced back to Tencent's overseas strategy.

One important method of Tencent's overseas strategy is to prioritize capital and acquire excellent overseas R&D companies, which is also an early strategic choice for exporting. As early as 2005, Tencent invested in South Korean pet casual game company GoPets, which happened to be the year when Liu Chiping joined Tencent. Under his leadership, Tencent established its Investment and Mergers and Acquisitions Department in 2008, which has since given rise to a professional investment team. In the early days, Tencent had a relatively high return on investment overseas. In 2008, he invested in Riot Games and developed the globally popular League of Legends in 2009. In 2015, Tencent achieved 100% control of Riot Games, which can be regarded as the most-proud work in Tencent's gaming investment

history. When investing in Unreal Engine company Epic Games in 2012, Fortnite was not long approved. Six years later, the game was launched and earned over \$5 billion in just one year. Starting from 2014, Tencent Games not only continued to maintain a high level of overseas investment, but also began to deeply cultivate MOBA and FPS, and made efforts to independently research and develop popular product categories to export first. AoV was developed in this context.

3.1. Journey Abroad

On October 12, 2016, it was first launched in Taiwan, China, and distributed by Garena. On November 21, 2016, the Vietnamese server was launched; On December 26th of the same year, the Thailand server was launched. On April 26, 2017, the Korean server was officially launched, represented by Netmarble. On June 6, 2017, the Indonesian server was launched; On October 17th of the same year, server of Malaysia, Singapore, and the Philippines was launched and operated by Garena. On August 10, 2017, the European server was officially launched, represented by Level Infinite. On December 19, 2017, the Americas server was launched. On March 1, 2018, the Indian server was launched; On June 28 of the same year, Level Infinite announced the launch and operation of its "Asian server" covering countries such as Australia, New Zealand, Myanmar, Laos, Cambodia, and Brunei. On September 25, 2018, it was officially launched on Nintendo Switch handheld platform. On November 30, 2018, it was launched in Japan and jointly operated by DeNA and Tianmei. In 2020, it began to enter the markets of the Middle East, Africa, and Russia.

Its overseas journey has been relatively successful, covering many regions in a relatively short period of time.

3.2. Performance Achievements

In 2017, AoV was elected as the best competitive game of the year on Google Play in Europe; In 2018, the cumulative download count on the overseas App Store and Google Play exceeded 100 million; Simultaneously it was elected as Taiwan's Google Play Most Popular Game of the Year and nominated for Best Competitive Game at the Golden Joystick Awards; In 2019, it was nominated for the Top 10 Popular Games Award at the 12th Bahamut Game and Animation Awards; In 2020, it took the first place of the number of monthly active users in the market of Taiwan and Vietnam, the second place of the number of monthly active users in Thailand (the first in MOBA category), and the second place of user expenditure in Thailand (the first in MOBA category); In 2021, it took the first place of the number of monthly active users in the market of Taiwan, Vietnam and Thailand.

4. Analysis of Export Strategy and Suggestion

4.1. Market Positioning and Selection

From export destinations of AoV, Taiwan became the first destination. Firstly, Taiwan is geographically closer to the mainland, making it easier to receive relevant market information and make corresponding countermeasures and management decisions more quickly. At the same time, due to their close proximity, the cultural similarity between the two is higher, and the difficulty of making games will be relatively lower, as they can draw on game content from mainland China without making too many adjustments. In recent years, in order to promote close ties between the gaming industries

of mainland and Taiwan, exchange activities with the theme of the prospects of cross-strait gaming cooperation are held every year. On this platform, cross-strait enterprises jointly discuss countermeasures and seek opportunities to expand exchanges and cooperation [5]. It can be seen that Taiwan becoming AoV's first destination for exports is the result of various favorable factors.

For Southeast Asia, the majority of the region's economy is still in the developing stage, coupled with the relatively high cost of computers and the certain requirements for online gaming, the popularity of PC games is relatively weak. Later the global popularity of well-known PC games such as "League of Legends" swept through Southeast Asian countries, cultivating local players' awareness and gaming habits towards such games. AoV captured the lack of similar mobile games in Southeast Asia, and therefore attempted to enter this market with great development potential, growing together with the local market and gradually becoming a leading mobile game in some Southeast Asian countries.

AoV had also encountered difficulties in some markets. It was outside the top 50 on the Korean bestseller and download charts. In 2022, the Tianmei Game Studio group decided not to renew their contract with Netmarble, the South Korean operator of AoV, after the contract expired. On July 29th of that year, AoV's South Korean server was officially shut down. Based on some report data, the overall revenue and download volume of Korean mobile games began to decline in 2022. The Korean mobile game market does not favor MOBA genres. There was a period of time when there was no MOBA genre in the top ten downloaded games for Korean mobile games market. RPG and MMO are the most popular mobile game genres in Korea. In addition to the popularity of League of Legends in South Korea, Korean MOBA players may prefer PC games. Therefore, the low player retention rate is considered the main reason for the withdrawal of AoV from the Korean market.

To summarize, before making choice, sufficient preparation work should be done, and a thorough investigation of the market should be conducted, including the vitality and prospects of the market, the preferences of users in the market, etc. Only by choosing the right market can mobile games achieve sustainable development in the local area.

4.2. Localize the Game Effectively

Cross cultural communication refers to the interaction between cultures, however, culture carries the color of ethnocentrism, and the audience is easily influenced by ethnic emotions and may reject communicators from other cultural backgrounds. In order to achieve smooth development in other cultural environments, respecting local culture and integrating it into games has become an important path for localizing Chinese mobile games [6].

AoV had set a good example in this regard. In October 2021, AoV was linked with one of the most-grand festivals in Turkey-"Turkey Independence Day", and at the same time, the localized skin was introduced. On the day of the event, many well-known local internet celebrities also livestreamed on the official YouTube account of AoV, celebrating the festival with the local people and receiving a warm response. During the event, AoV successfully entered the top 3 of the Google Play Free List, topped the Action Game List, and received Today's recommendations on the Apple homepage. AoV had also collaborated with the Thailand Ministry of

Cultural Heritage to launch skins related to the Songkran Festival, reverting local culture in the game. The localization can greatly enhance users' sense of national pride, thereby increasing their identification with the game itself. Meanwhile, this unique local cultural background and elements add richer game settings to the game, making the game content more diverse and engaging, attracting more players to try and immerse themselves in it.

In addition to localizing the game content itself, AoV also actively seeks to collaborate with local brands in other fields. AoV once teamed up with Taiwanese popular chain hand cranked drink - TEA TOP First Flavor to launch a co-branded event, not only launching co-branded drinks, but also creating themed stores, inviting popular hosts to meet with players offline. Related activities have also been launched simultaneously in the game. Games can leverage the social attention and discussion generated by cross-border cooperation with offline brands to create a topic effect, increase the exposure and popularity of the game, and attract new users. At the same time, the game can also use linkage to attract users of the other brand and convert them into the game's own users.

In addition, exported games should also be well adapted in terms of hardware localization. Compared to the same type game-Mobile Legends, AoV's 800MB installation package has higher requirements for the network environment, while the 100MB installation package of Mobile Legends combined with the game's batch download mode provides users with lower entry barriers and more choices.

4.3. Developing E-sports Events

As a competitive game, competitive events are opportunities that must be seized on the path of development. Firstly, the event gathers professional players who are proficient in the game, which can greatly enhance the professionalism and viewing experience of the game, and this is an important means of connecting experienced players. On the other hand, the event provides a wide range of promotional platforms for games. Through various channels such as live streaming and social media, the exposure of the game can be quickly expanded, attracting more players and audiences, and expanding its user base, which helps promote and develop the game. Meanwhile, the e-sport industry has become a huge commercial ecosystem, and the development of e-sport can attract capital investment, which is beneficial for manufacturers to update and develop games, and improve the lifecycle of games [7].

AoV has hosted numerous events, including professional leagues such as the GCS Professional League in Hong Kong, Macau, and Taiwan, the RPL Professional League in Thailand, as well as global events such as the AIC International Championship and AWC World Cup. Its most famous event is undoubtedly becoming one of the events at the 2023 Hangzhou Asian Games.

5. Summary

Overall, the export of mobile games should first conduct market research in advance, accurately control the direction of market development, clarify the preferences of market users for different types of games, and based on this, formulate selection strategies for different regions. In terms of game content, manufacturers should focus on personalized and refined production, fully understand and utilize local culture, fully leverage the characteristics of different regions,

and create more immersion for users. Manufacturers should also make full use of game features to generate added value, just like the events of competitive games, and make good use of the commercial energy it brings to feed back the continuous development of the game itself.

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