Research on the Current Situation and Problems of Online Game Industry

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Abstract. As an important part of the online economy, the online game industry is an emerging sunrise industry. After a period of rapid development, it is now stepping into a mature and stable stage and has become an important part of China's online economy and cultural industry. Through a brief analysis of the development status of China's online game industry, it can be observed that the user base of China's game group is relatively large, the income level of the game industry is growing steadily. This paper briefly discusses the shortage of talent demand, surrounding industries, e-sports and capital investment, which can be improved by government policies and relevant measures, so as to promote the development of online game industry.

1. Introduction

With the rapid development of Internet technology, the new way of entertainment combining the Internet and games has come into people's vision in an irresistible way since the 21st century. It brings revolutionary changes to people's production and life. The entertainment frenzy made by the new entertainment culture represented by online games is spreading all over the world. The proportion of online game industry in the national economy is increasing year by year, and the social influence is also continuously expanding. The online game industry is an important part of my country's cultural industry. Its level of development plays a decisive role in the prosperity of my country's cultural industry. A developed online game industry can greatly promote the development of the cultural industry.

2. The Development Status of China's Online Game Industry

2.1. The Scale of the Online Game Industry is Growing with Each Passing Day, and the Development Speed is Gradually Slowing Down

In 2003, the actual sales revenue of China's online game industry was only 1.3 billion yuan. With the progress of technology and the development of network economy, the network game industry began to grow rapidly. The application and popularization of 4G have played a great role in promoting the development of the online game industry. The scale of the online game industry exceeded 110 billion yuan in 2014 and reached 233.02 billion yuan in 2019. With the continuous expansion of the industrial scale, the development speed of China's online game industry is declining. Before 2009, the growth rate of online game industry was above 70% on average. From 2009 to 2014, the growth rate was basically maintained at around 40%. From 2015 to 2017, the growth rate will further fall to around 20%. Growth in 2018 was at an all-time low of 5.3 percent\textsuperscript{[1]}. The network game industry has gradually crossed the growth period of high-speed growth, gradually entered the mature period of stable development.
2.2. The Growth Rate of Mobile Games Market is Stable, While the Market of Web Games and Mobile Games Shows a Decline

In the distribution of the proportion of online game market segments, it can be seen that the mobile game market takes up as high as 68.5%, followed by the client game market which takes up 26.6%\(^\text{[2]}\). Both client games and web games belong to network games. It can be analyzed that network games occupy up to 99% of the game market in China. In the face of the huge user market, more and more game manufacturers actively into the game market.

2.3. The E-sports Industry is on the Rise

In 2008, the General Administration of Sport of China made e-sports an official sports competition, and the e-sports industry was officially recognized. After years of development, e-sports industry has become an important part of the online game industry, and formed a complete industrial chain. Esports form competitions through game development and release and art copyright authorization. Forming clubs, professional teams and amateur competitions around the event, advertising sponsorship, derivative development and operation, esports live broadcast, education and training and etc. It has formed the industry format of horizontal and vertical industry chain extension, and the audience scale is constantly expanding.

2.4. The Scale of Users is Huge, Mainly Teenagers

Looking back at the development of my country's online game industry in recent years, there has been significant improvement in terms of industrial scale, industry value, user groups, and product quality. The following data are from “the 2019 China Game Industry Report” released by the Game Industry Committee of China Digital Signal Association, Gamma Data and International Data Corporation. The number of game users in China increased from 530 million in 2015 to 640 million in 2019, and the number of game users has been growing steadily\(^\text{[3]}\). As the end of 2019, the total population of mainland China has exceeded 1.4 billion, while the number of game users is 640 million. This shows that the game industry has a considerable penetration rate in my country and the scale of users is huge.

According to the report, the growth rate of the real sales revenue in China's game market peaked in 2017 and then slowed down, but the real income is still increasing at a certain level each year. As an important module of the online economic market, the online game market is dominated by teenagers and covers other age groups. It has become a top priority to safeguard the rights and regulate the behaviors of producers and operators. This requires the regulatory authorities to strengthen supervision, put an end to vulgar kitchy, refuse yellow violence bloody and other content, to provide healthy game products for the majority of users.

3. Problems in the Online Game Industry

3.1. Insufficient Development of Online Game Peripheral Industries

In countries where the online game industry is relatively developed, peripheral products have become the pillar industry of the online game industry. According to internationally accepted judgment standards, the market value of peripheral derivatives of a mature industry will be eight to nine times that of the industry itself. The development of my country's online game peripheral market has not yet fully matured, and the development of the derivative industry is restricted due to unreasonable product classification and subject matter issues. Various phenomena indicate that there is a large profit margin in the market around the game.

3.2. Capital Investment in the Online Game Industry Shrinks

The online game industry is a kind of emerging industry in China, and its social acceptance is not high in the early stage of development. The investment boom did not start until 2014. And the
investment growth reached the top state in 2016 and 2017, after which the capital entry rate gradually slowed down. In 2018, the industry basically entered a stable development mode, with leading enterprises occupying major market shares. From January to November in 2019, there were only 35 investment events in China's game industry, with an investment of only 6.288 billion yuan. The investment environment of the game industry has shrunk greatly.

3.3. Lack of Professional Talents

On June 28, 2019, Ministry of Human Resources and Social Security of the People's Republic of China released an "analysis report on the Current situation of e-sports employee Employment", which predicted that there would be a shortage of about 2 million e-sports talents in China in the next five years. With the rapid development of the game industry, the market demand for relevant professionals is increasing. The talent demand is distributed in a pyramid form, including the basic talent at the bottom, programming and development talents in the middle, and top-level talents. In addition, the network game industry publicity and promotion, strategy designers, professional players and other professionals are also in a state of shortage. In terms of enterprise development, people are the most important resource and people are also the key factor to measure the strength of an enterprise and balance its future development. The innovation ability of domestic game industry is deficient and homogenization is serious. The most fundamental reason is the scarcity of professional talents.

3.4. The Development of Small and Medium Enterprises is Facing Difficulties

Due to the industry Matthew effect, the head manufacturers occupy a larger market area and user dimension, and gain a larger market dividend. Small and medium-sized enterprises are facing a cold wave of development, because of the large area occupied by leading manufacturers in the market. The purchase volume is an effective means to improve product data. The purchase volume is an effective means to improve product data. Due to the lack of strong capital support, small and medium-sized enterprises have a difficult environment and implementation of a large number of measures.

3.5. The Development of Online E-sports

Before the outbreak of the COVID-19, the development of e-sports has been relatively mature. After the outbreak of the COVID-19, some residents’ hobbies and habits may also change. In this case, a large area of domestic electronic games are postponed, and the off-season of electronic games forms a blank period. Bringing about the phenomenon of consumer loss. Most of these corporative organizations are invested by professional investors, who choose whether to enter the industry by considering the commercial value and industry value of e-sports industry. And the cash flow and industry return ratio are often the focus of their attention. The suspension of games has impacted the industry's commercial revenue.

4. Policy Recommendations for the Impact of the Online Game Industry

4.1. Giving Full Play to the Role of the Government

As the core of market regulation, the government should actively play its leading role and lead the public to face up to the game industry. We should not ignore the negative effects brought by games, but also face up to the promoting effect of games on social economy. The government implements its role in the market and is committed to letting the market dominate the development of industries. The government regulates and controls as a macro department. At the same time, the government should actively introduce relevant policies to guide the industry to develop in the right direction. From the policy side to complete the game professionalism and regularization, maximize the game industry to the positive role of social and economic development. We should fully learn from the relevant experience of other countries. According to the current situation, gradually improve the game industry management system. We should establish rules and regulations with Chinese characteristics based on China's culture and background.
4.2. Strengthen the Training of Talents in Professional Fields

Above all, national concerned department should issue relevant groom plan. Set up majors that are highly integrated with the market. Supply and reserve talents for the sustainable development of the national game industry. Through professional training, talents and the market environment can be perfect integration and docking. We will encourage qualified colleges to set up relevant majors and write targeted talent training programs. We will strengthen school-enterprise cooperation, break down cooperation barriers, and cultivate highly targeted and systematic talents. Secondly, we should actively encourage social institutions to develop professional personnel training courses. The teacher standards of social institutions should be clearly stipulated. And the relevant departments should strictly supervise the legitimacy and rationality of the curriculum of social institutions. Devoting themselves to cultivating professional talents with perfect knowledge system, complete space and strong adaptability.

4.3. Pay Attention to the Development of Online Game Related Industries

Many derivative industries of online games have gradually attracted everyone's attention, typically the game live broadcast and short video industries. The game live broadcast and short video industry have always occupied a certain market share in the online game industry, but the industry has not paid enough attention to it. Many game anchors rely on other platforms for marketing, but professional game live broadcast and short video platforms are relatively scarce. In order to deeply explore the profit space of the game live broadcast and short video industry, it is extremely important to cultivate and form more professional platforms. Secondly, there is a lack of professional support behind the online game live streaming and short video industry. Most of the existing game anchors or short video bloggers have signed contracts with live streaming companies or short video companies. However, these companies lack a certain degree of professional online game products, unable to maximize the mining industry value and maximize the retention of fan groups. Only professional companies that understand the characteristics of online game products can maximize the value of memory. Relevant departments should take positive measures to encourage and guide capital to enter the industry and setting up professional game live streaming and short video companies, making professionals leading the positive development of the game live streaming and short video industry.

4.4. New Mode of E-sports Activities

4.4.1. Innovating Liquidity Channel

The operation of mid-end e-sports events is the key to the realization of the industry's realization of monetization. Large offline e-sports events cannot be successfully held, the key channels for e-sports monetization are blocked, and innovative monetization channels have become the key to the e-sports industry. Based on the unique nature of e-sports industry, the online holding of large-scale offline activities is the key to realizing innovation. The cancellation of offline activities brings the loss of tickets to the e-sports industry, but online holding can also obtain a certain amount of ticket revenue. Following the membership model of video sites, members of the new program will be given priority to watch. Livestreaming of online games can also imitate the membership model of adopting livestreaming platform, so that members can get better visual effects and exclusive services. It can not only increase the revenue of online games and expand the channel of realization, but also improve the viewing experience of some audiences.

4.4.2. Enriching E-sports Communication Channels

As e-sports athletes have won trophies in major international competitions for many times, major mainstream media have "cleared the name" of e-sports industry and guided ordinary people to face up to the positive effects of e-sports on personal ability cultivation and social and economic development. Today, although the development of e-sports has gradually matured, it has not yet integrated into the current most popular communication—channel-television media, which has
greatly reduced the popularity of e-sports in the country and the radiant driving force for related industries. Based on this, the relevant departments should actively learn from the development model of Japan, South Korea, Europe and the United States, and try to lift the TV ban, promoting the communication channels of e-sports events, re-broadcasting the popular e-sports program. From the industry trends, interpretation of events, interviews with people and other aspects, an all-round and multi-angle interpretation of e-sports, to guide the public to correctly understand and evaluate e-sports. Through the channel of TV communication, let more non-esports fans understand the unique charm of esports different from traditional sports, and lay a deeper user base for esports industry. The new communication channels can not only improve the commercial value of e-sports, but also enhance the power of e-sports to the surrounding industries and promote the prosperity and development of the surrounding derivative industries.

5. Conclusion

Network game industry as a new industry in recent years, its development prospect is superior. Network game industry, online education industry, e-commerce industry as a new economic model.

In today's society with rapid economic development, they have great development prospects. The development of the online game industry mainly depends on the marketing activities of digital products. With the development of 5G technology, the user base of digital products has been greatly improved, which is conducive to the development of the online game industry. According to relevant data reported by the society, different from other industries, the online game industry has shown a good trend of development during the epidemic. The online game industry must firmly grasp this opportunity, identify new development points and development models. And striving to cultivate diversified development elements on the premise of sticking to the original source. With the sales of digital game products as the core, it radiates to the surrounding areas to actively drive the development of related industries in the industry. Meanwhile, as a large industry with a wide range of areas, the online game industry should also drive the development of other related industries while focusing on its own development.

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