

# Entering and Succeeding in China's Complex Mobile Gaming Ecosystem

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**SMARTPHONE & TABLET GAMES**  
SUMMIT

**GAME DEVELOPERS CONFERENCE EUROPE**

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EXPO DATES: AUGUST 19-20

**2013**

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### China Mobile Game Overview

### China Mobile Game Industry Environment

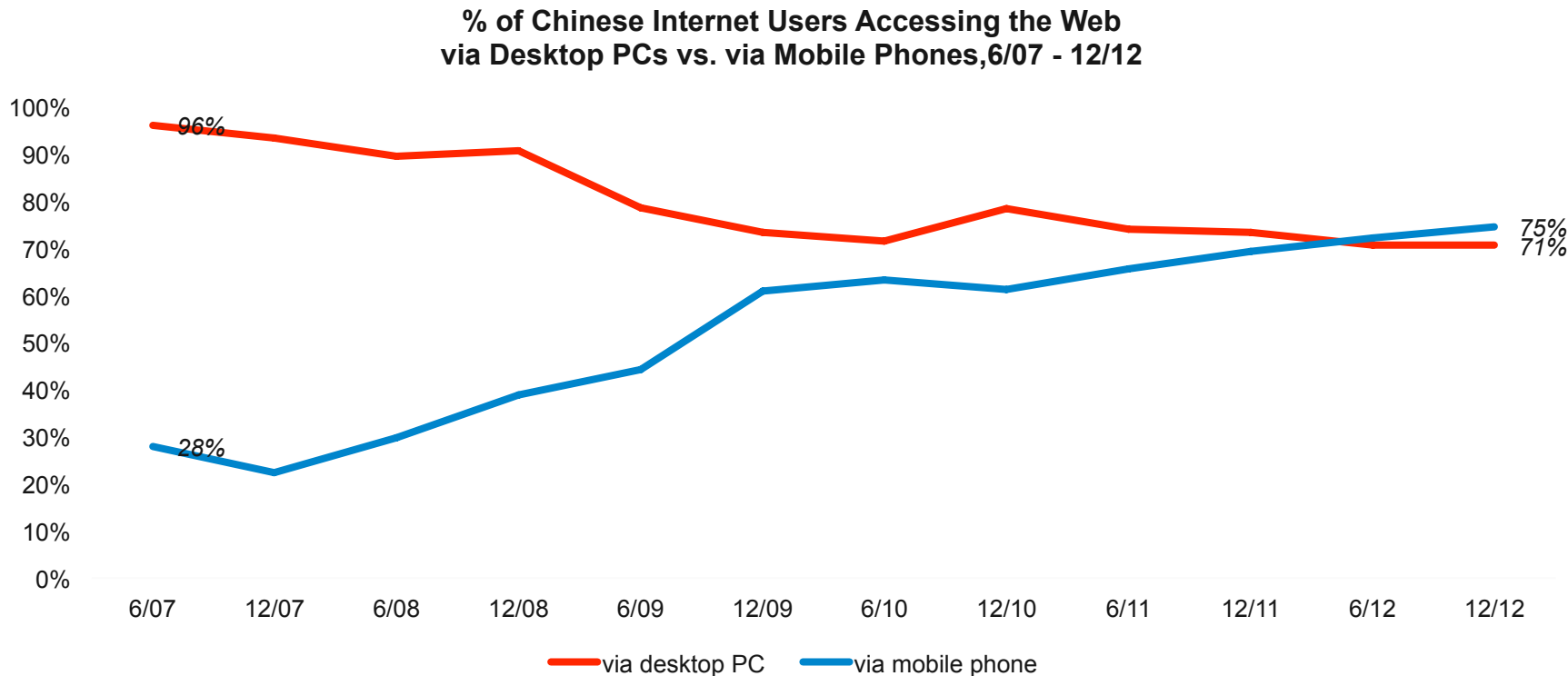
### Sharing of Tencent's Mobile Game Publishing Practice

# China has Become the World's Largest Smartphone Market

## Smartphone shipment forecast (2013-2017)

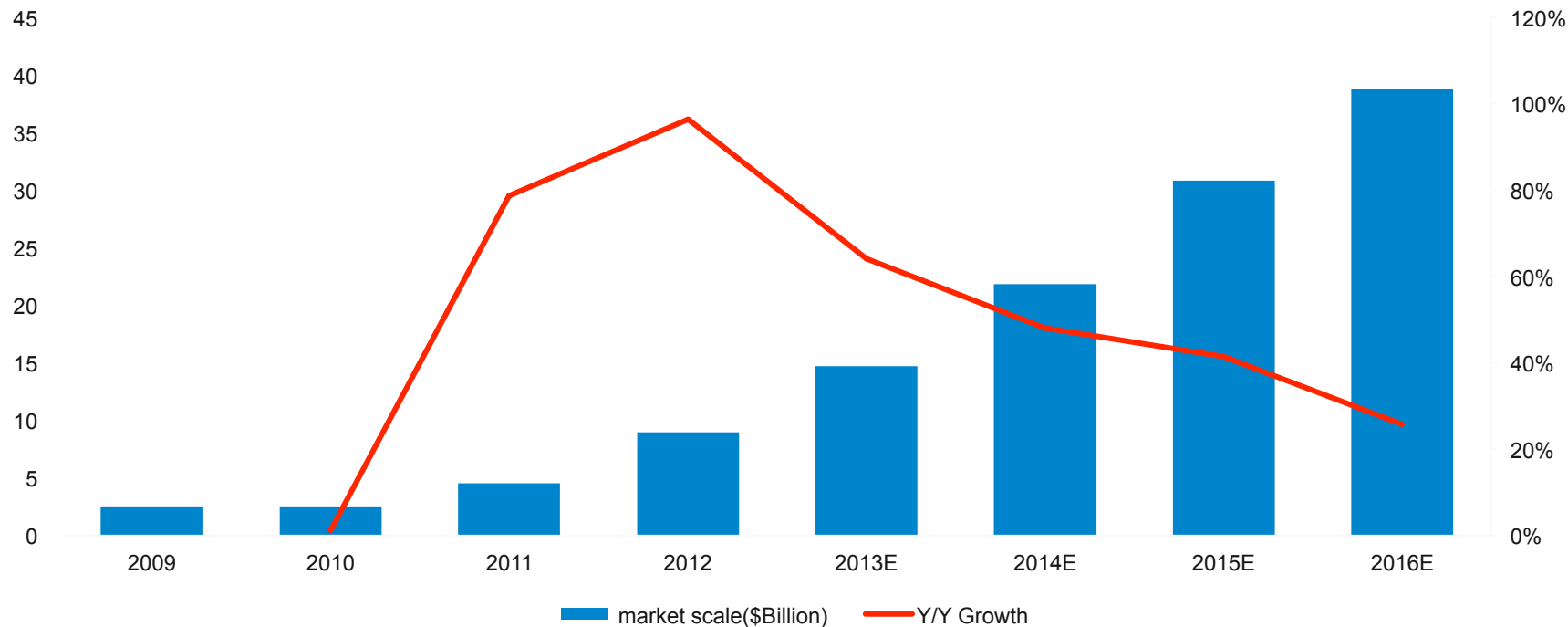
Country	2013E unit shipments (MMs)	2013E market share	2017E unit shipments (MMs)	2017E market share	2017/2013E growth
China	301.2	32.8%	457.9	30.2%	52.0%
USA	137.5	15.0%	183	12.1%	33.1%
United Kingdom	35.5	3.9%	47.5	3.1%	33.8%
Japan	35.2	3.8%	37.7	2.5%	7.1%
Brazil	28.9	3.1%	66.3	4.4%	129.4%
India	27.8	3.0%	155.6	10.3%	459.7%
Others	352.5	38.4%	568.1	37.5%	61.2%
<b>Total</b>	<b>918.6</b>	<b>100.0%</b>	<b>1516.1</b>	<b>100.0%</b>	<b>65.0%</b>

# Number of Mobile Internet Users Surpassed PC Internet Users in China



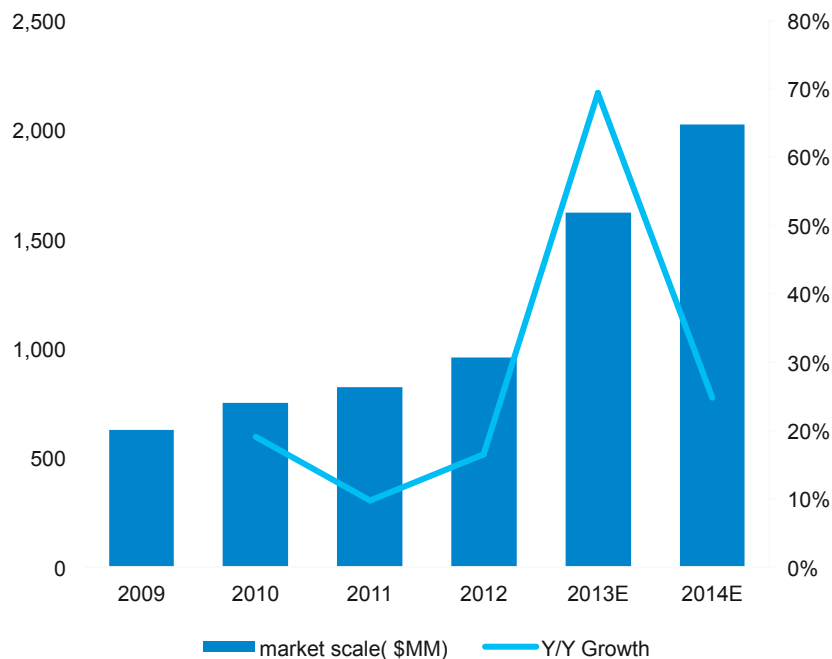
# Mobile Internet Market Maintains Rapid Growth in China

Mobile Internet Market Scale of China (2009-2016E)

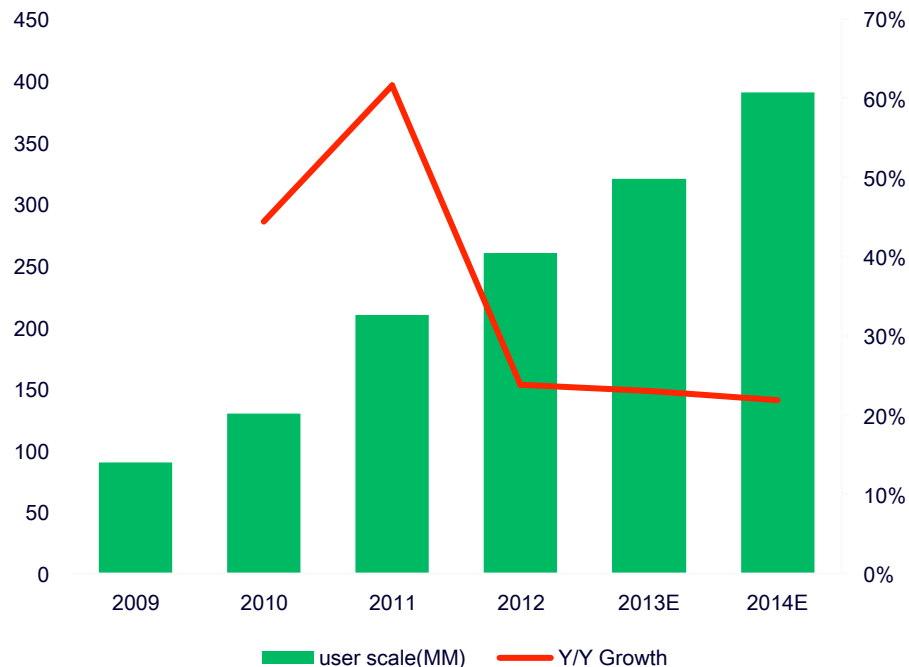


# Chinese Mobile Gaming Market is under Explosive Growth

## Mobile Game Market Scale of China (2009-2014E)













## Mobile Game User Scale of China (2009-2014E)



# Million Dollar Games Emerge in China Market

## List of Top Revenue Mobile Games in China (05/2013)

	Game name	Game type	05/2013 revenue(\$MM)
	My Name is MT OL	Card trading	8.20
	Fishing Joy	Casual competitive	5.70
	Space Hunter	ARPG	4.90
	The Legend of King	ARPG	4.60
	Big Head	Card trading	4.10
	Meng Jianghu	Card trading	1.65
	Wang Xian	ARPG	1.65
	Armed Warriors	ARPG	1.65
	The World	RPG	1.30
	The Magic Card Fantasy	Card trading	1.15

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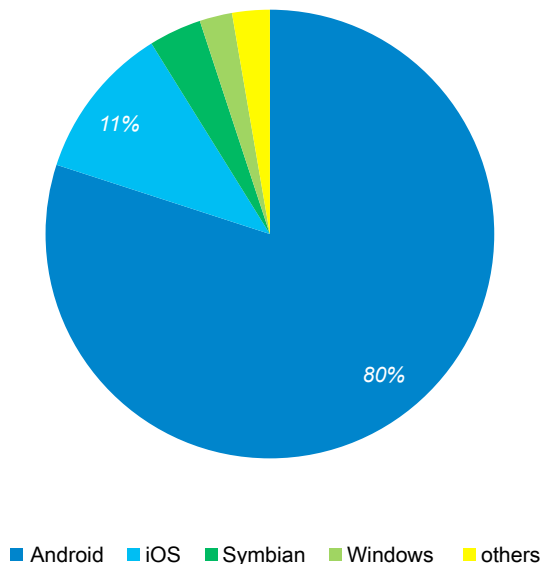
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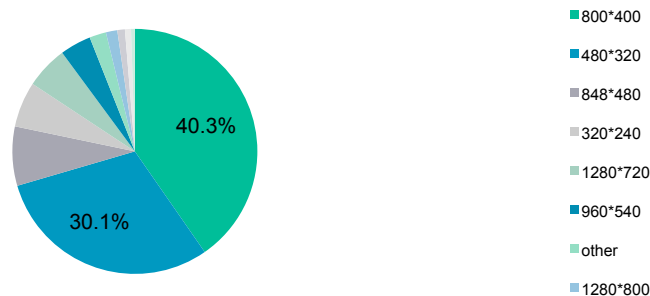


# Android is Mainstream but is Fragmented

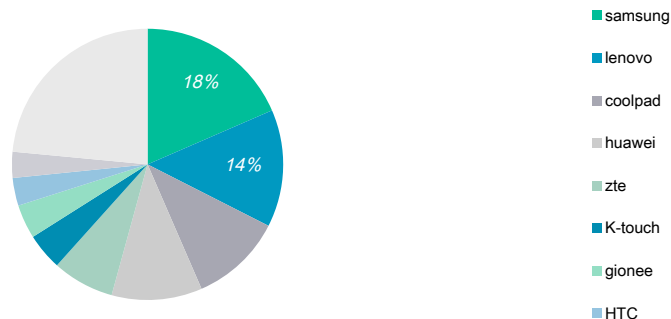
Market Share of Smartphone Systems in China  
(Q1,2013)



Market Share of Screen Resolution of Android in China  
(Q1,2013)

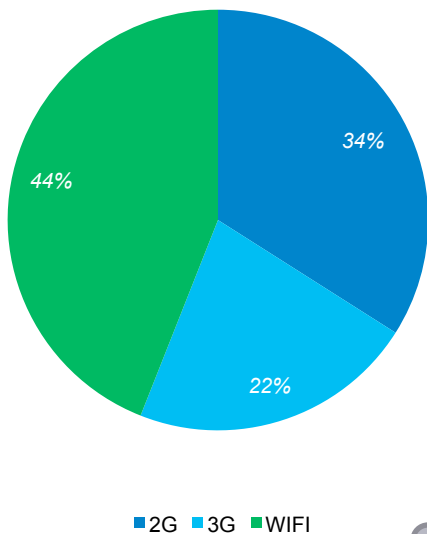


Market share of Android Smartphone vendors in China  
(Q1,2013)

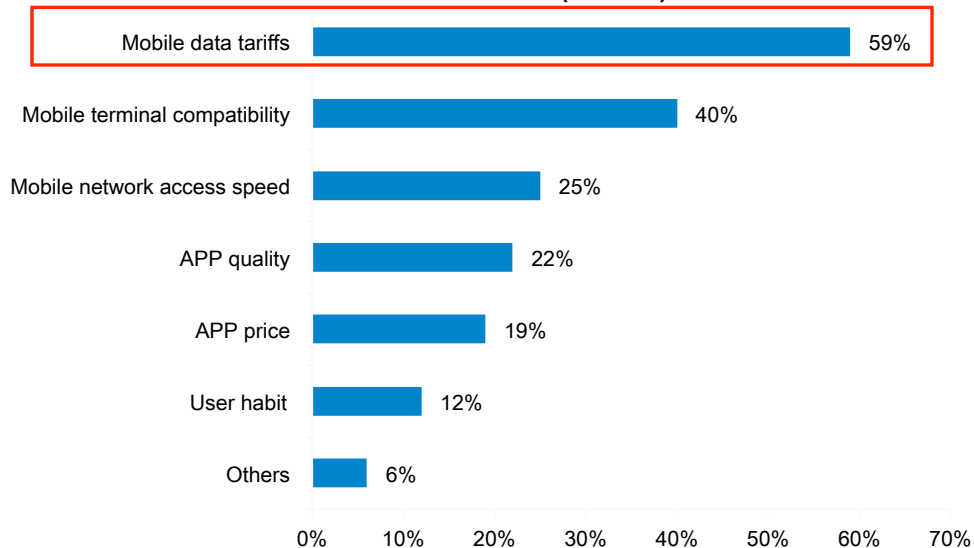


# Network Speed and Data Tariffs Impact Mobile Gaming Market

Internet Access of China Smartphone (Q1,2013)



Reason distribution of users not satisfied with China Mobile Internet (2013Q1)



Size does matter.

# Hot Games in China are Different from those in USA/Europe

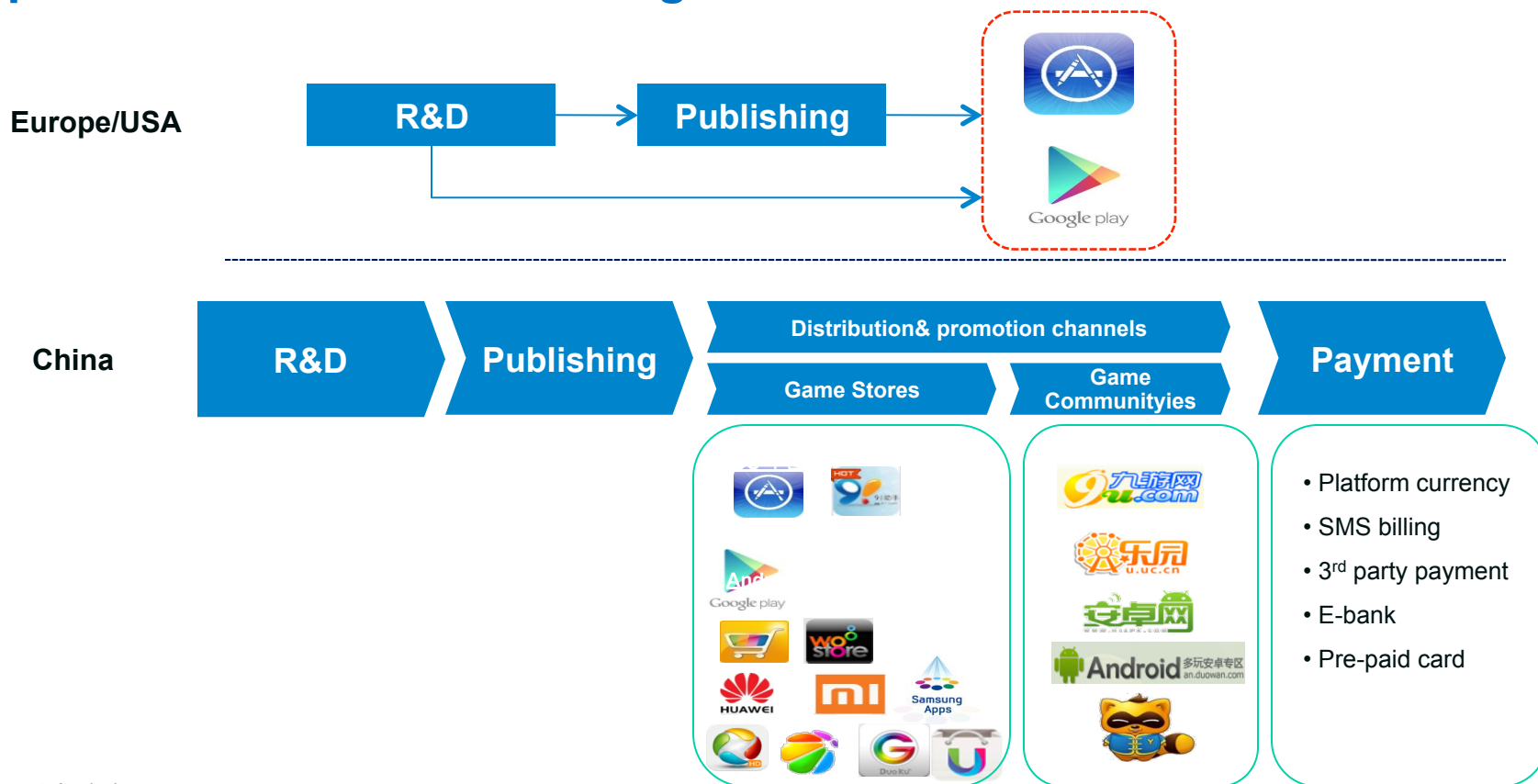
Top 10 Games (Revenue) in APP Store China (06/2013)

Product	Genre
My Name is MT Online	Card trading
Clash of Clans	SLG
Big Head	Card trading
Dragon Force	RPG
The King 2 HD	RPG
The Magic Card Fantasy	Card trading
The Legend of King	ACT
My Name is MT Online (global)	Card trading
Shen Xiandao	RPG
Chaos Fighters	RPG

Top 10 Games (Revenue) in APP Store US (06/2013)

Product	Genre
Candy Crush Saga ®	Casual
Clash of Clans	SLG
MARVEL War of Heroes	Card trading
Hay Day	Social
Modern War	RPG
Big Fish Casino	Casino
Minecraft – Pocket Edition	Sandbox build-up
Kingdoms of Camelot: Battle for the North	SLG
The Hobbit: Kingdoms of Middle-earth	Simulation
The Simpsons™: Tapped Out	Adventure

# Complex Mobile Game Publishing Chain



# Distribution Channels are Fragmented and Complicated

Channel	Company or product
Pre-installation	   
ROM flashing	 
Game stores	     
	     
Mobile APPs	     
	     
Mobile advertisement	   
Game portals/communities	   

# Credit Card Payment is **NOT** Popular in China

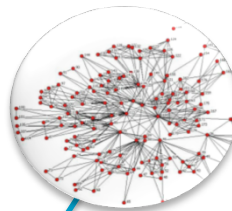
Payment channel	Company or Product	Market Share
SMS billing	  	<u>20%</u>
Virtual Currency	 	<u>20%</u>
3 <sup>rd</sup> party payment system	  	<u>40%</u>
Pre-paid card	  	<u>10%</u>
E-bank	 	<u>10%</u>
	 	

# Key Success Factors

Know what Chinese users want



Understand China mobile game market



Develop multiple payment channels



Support diversity of users mobile devices



Work with best distribution & promotion channels



Consider network situation and traffic tariff



**Game Quality**

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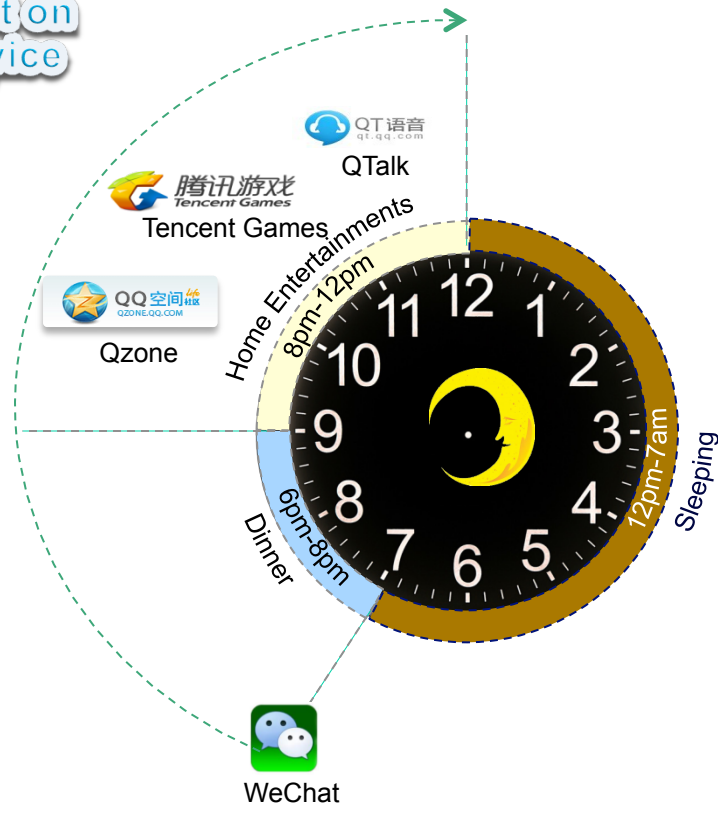
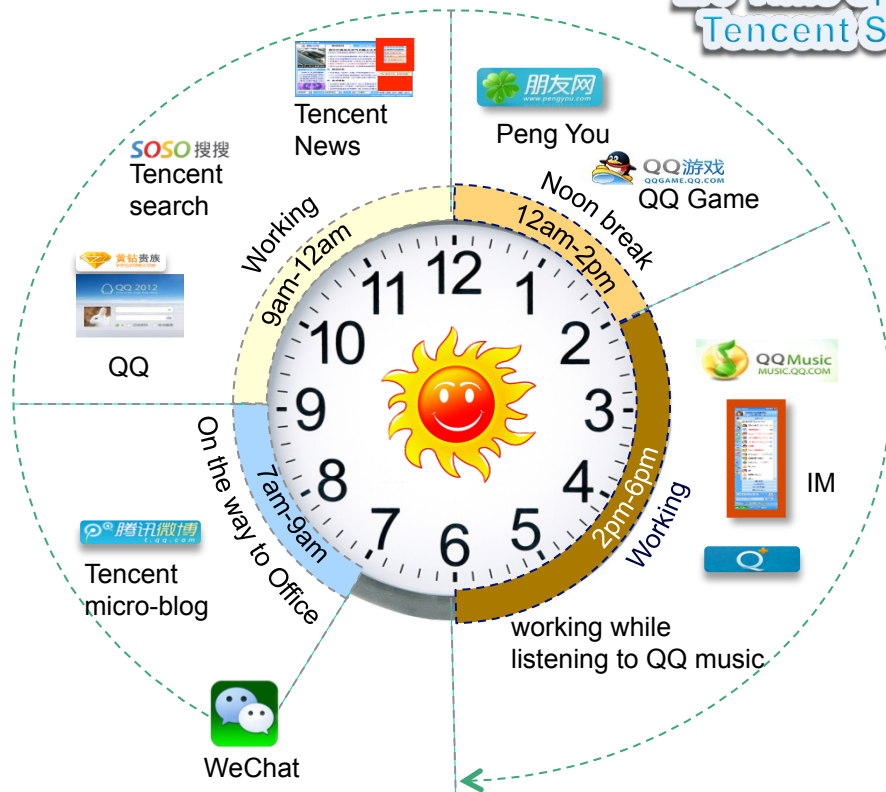
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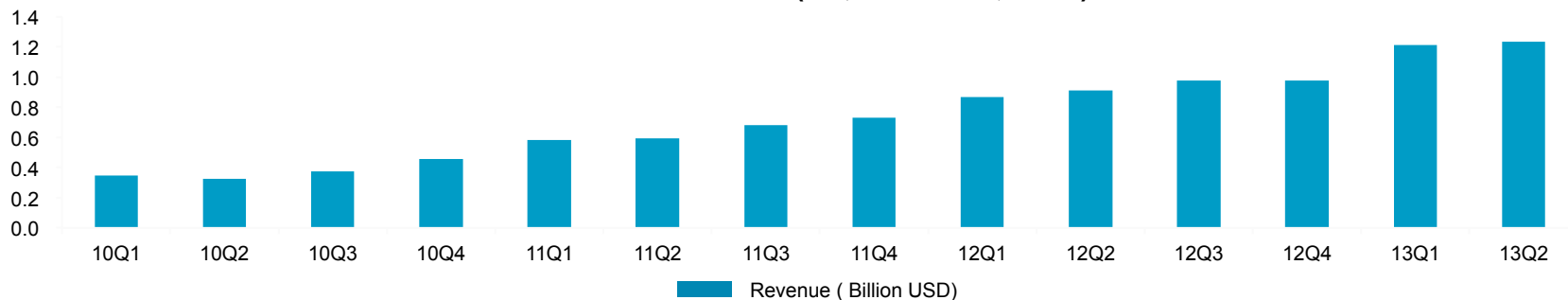
# In-depth Understanding of Chinese Internet Users

2/3 Time spent on  
Tencent Service

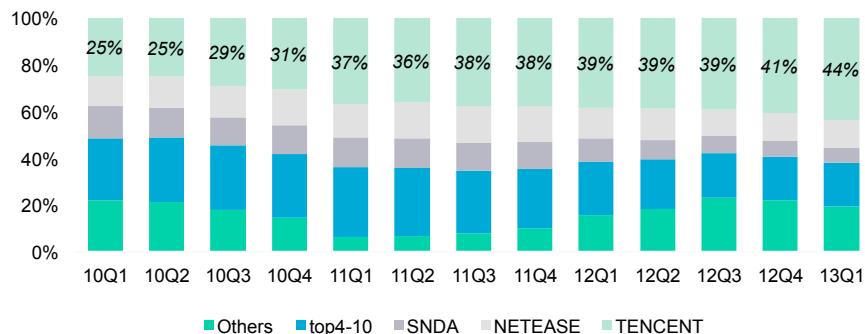


# Strong Game Operation Capability

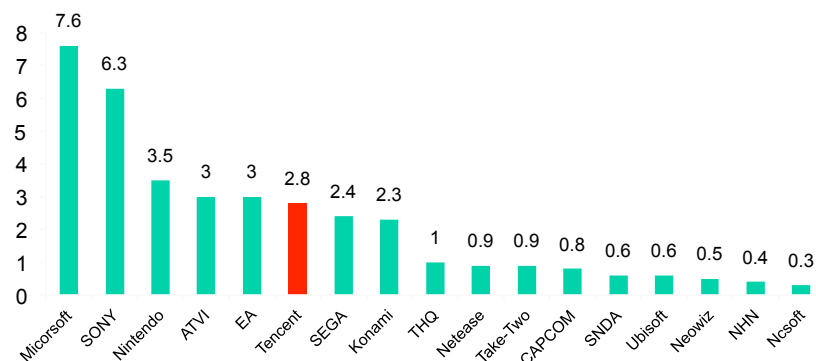
## Tencent Games Revenue (1Q, 2010 - Q2, 2013)



## Tencent Games Market share (1Q,2010 - 1Q,2013)



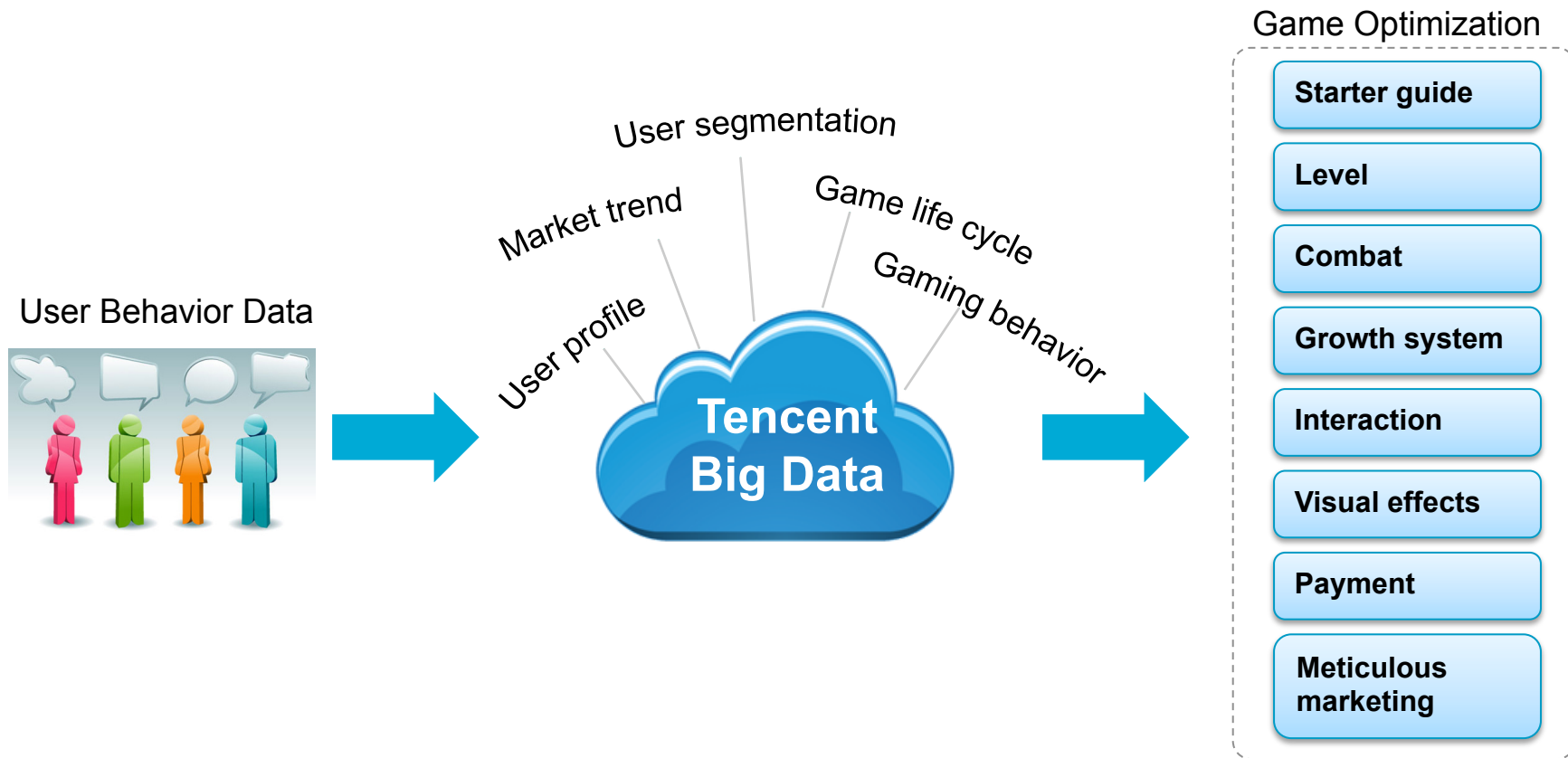
## Revenue of world's top game companies, 1Q-3Q, 2012 (Billion USD)



# Full Coverage of Mobile Game Value Chain



# Product Optimization with Strong Data Driven



# Comprehensive & Powerful Distribution Channels

## SNS Platform



### WeChat

- Register user accounts: 400MM
- MAU: 236MM



### Mobile QQ

- MAU: 478MM
- DAU: 120MM



### Mobile Qzone

- MAU: 357MM



### Mobile QQ Games

- MAU: 40MM
- DAU: 10MM

## Tool APP



### Tencent APP Center

- Accumulative download: 8billion
- Daily download: 20MM



### QQ mobile browser

- MAU: 37MM
- DAU: 10MM



### QQ mobile manager

- MAU: 84MM

# Social Network-driven Marketing

Tencent social network users



•MAU 818MM



•MAU 626MM

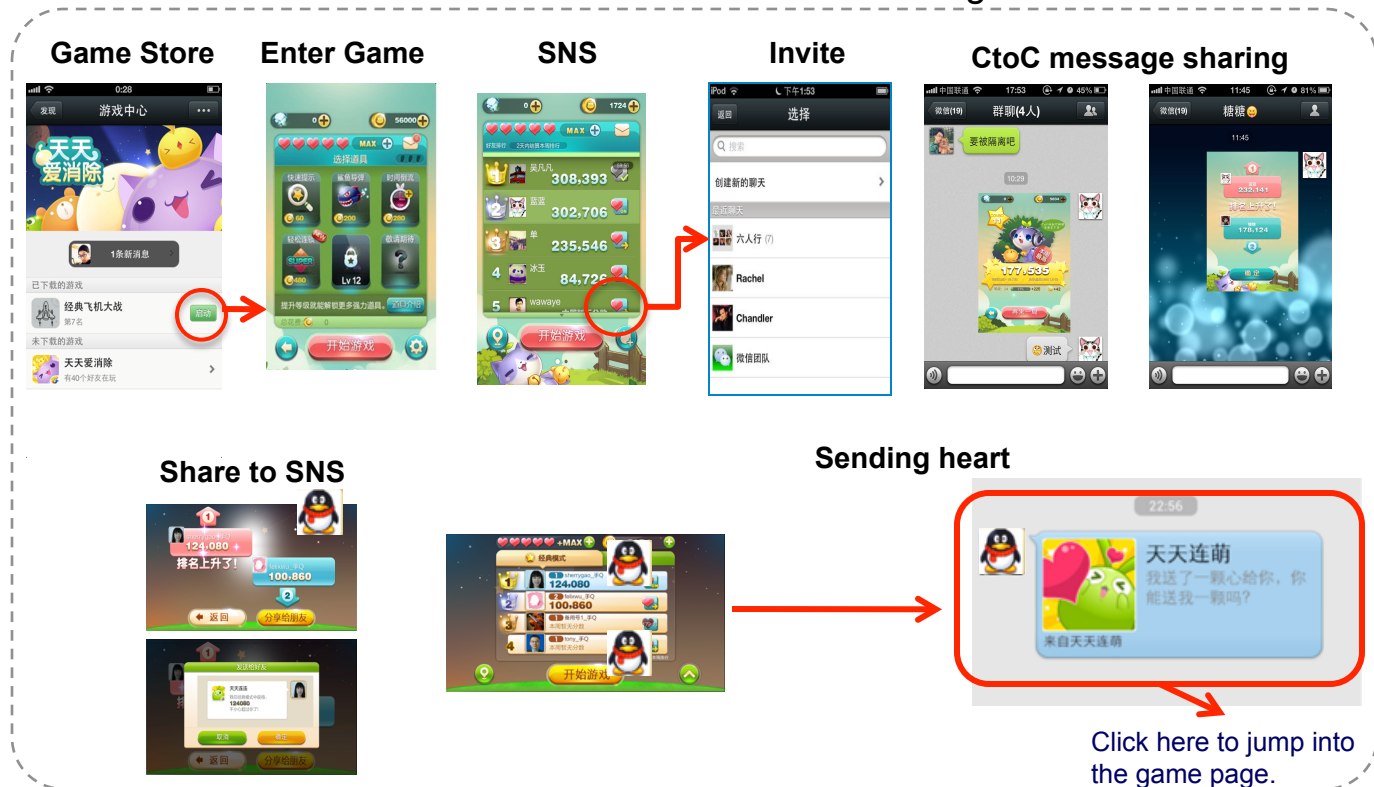


•MAU 247MM



•MAU 236MM

Interactive Marketing



# Comprehensive and Easy Payment Channel

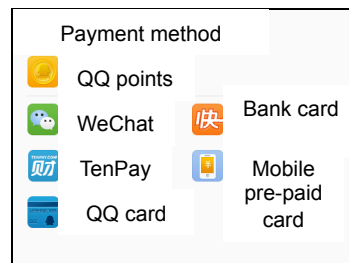
## In Game Payment



New Users

6 payment options

## Full payment list

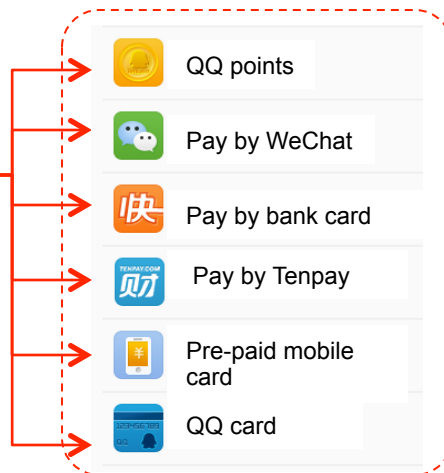


Frequent Users

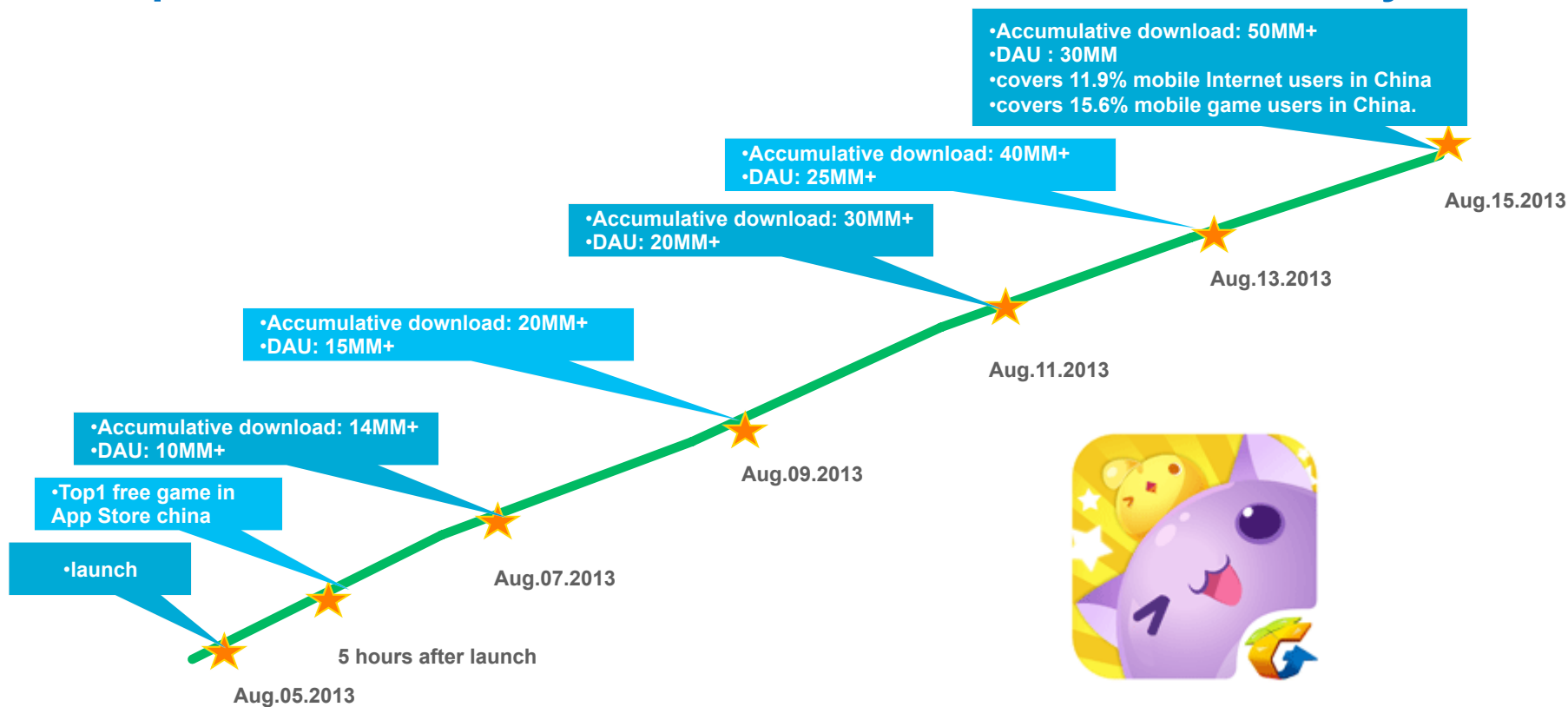
User Behavior

One click

Smart Payment



# The Explosive Power of Tencent Platform: WeMatch Case Study







Find the Right Partner is **the Key**