

## 3G key to mobile game market in China

July 8 2005

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Mobile online gaming will amount to a \$714 million market in China by 2008, more than a sevenfold increase from 2004, a new study by a Beijing research firm concludes.

In 2004 China's mobile gaming market topped \$98 million, which itself amounted to an annual growth rate of 150 percent from the \$39 million generated in 2003. Analysys International's forecast for 2005 is that the market will hit \$175 million, growing by another 79 percent. According to the company's report, "Mobile VAS -- Focus Report on Mobile Game Industry Trends 2005," China's mobile gaming market is anticipated to experience the first signs of substantial revenue growth beginning in 2007.

Fu Xinghua, the firm's telecom analyst, said the mobile games market will develop rapidly after 2007 based on two critical factors. "First," Xinghua said, "having mobile terminal support is very important, but at present not all 2.5G mobile handsets fully support JAVA and BREW; however with the popularization of smart phones and 2.5G mobile handsets, terminal support will no longer be a bottleneck." "Second, he said, "along with the commercialization of 3G networks and improved data services, the experience of playing mobile games will become better and attract more users."

According to the Beijing firm's forecast, mobile online games need real-time interactivity based on 3G networks to become popular. It cites the infrastructure build out of 3G networks, improved data services, decreased capacity expenses and consumer acceptance of smart phones

as the key success factors. The forecast noted that online and offline mobile gaming differs greatly in terms of their service models. Online gaming uses a telecom service model earning revenues from traffic fees while playing, but offline mobile gaming is simply a game application, downloaded onto a handset for a small fee. Regular mobile game products are based on SMS or programmed using JAVA or BREW, while some mobile game products, which run on smart-phone operating systems, are programmed using C. The forecast predicts strong growth for WAP, JAVA and BREW, while the proportion of SMS-enabled games will drop.

For the time being, the majority of revenues will come from offline mobile games. Analysys International considers the online mobile gaming sector poised for rapid growth, with revenues earned from smart phones predicted to reach nearly \$88 million in 2008.

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