

Southeast Asia Gaming Consumer Economy

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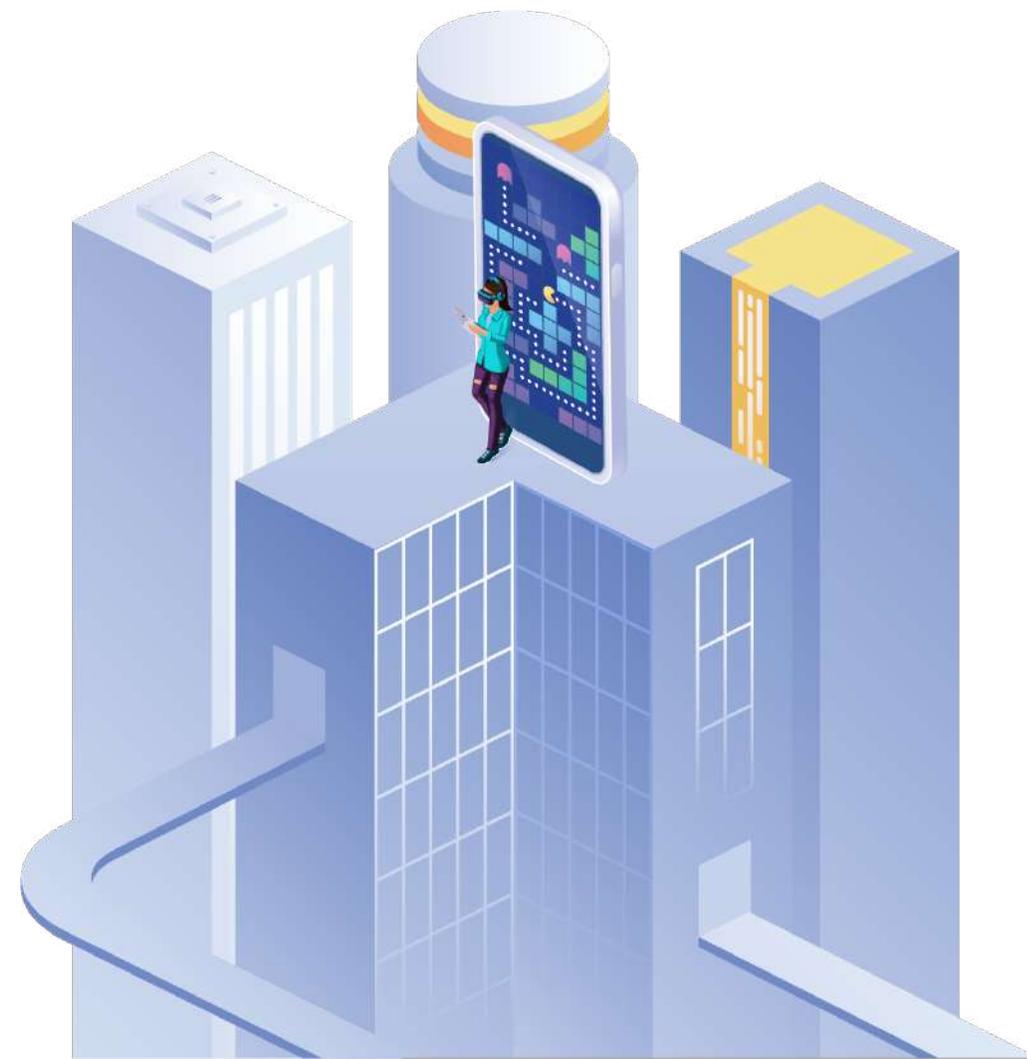


Methodology

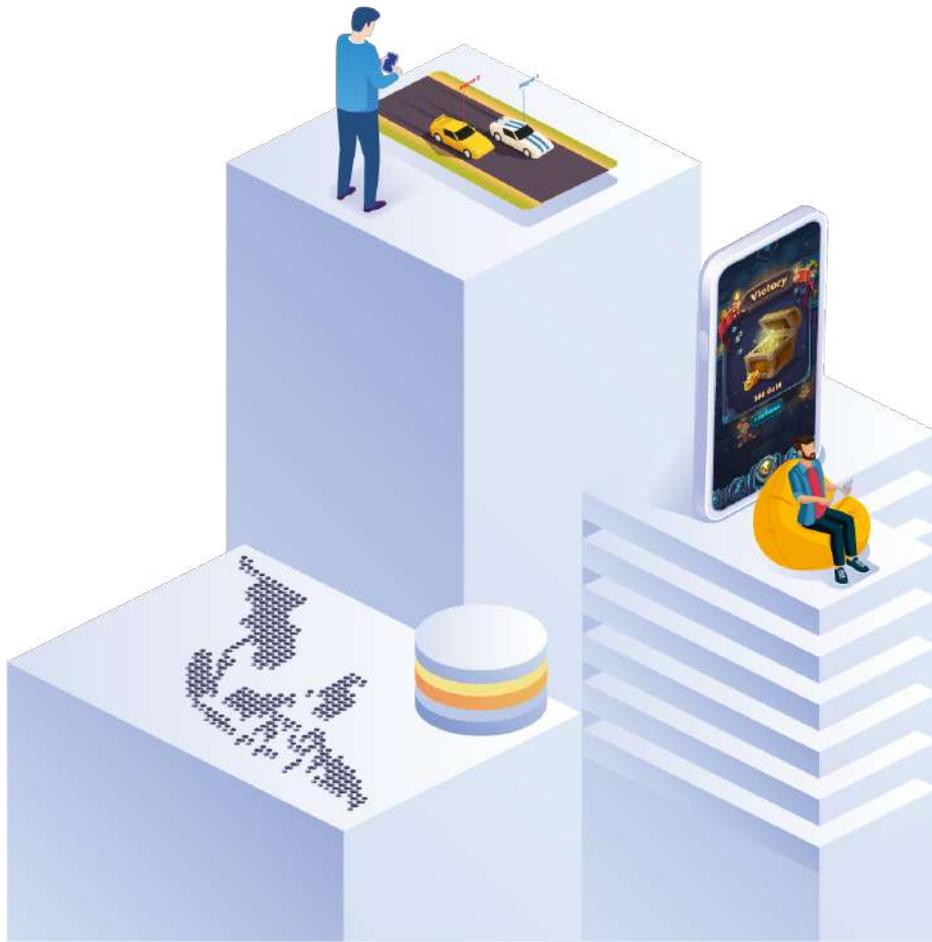
Southeast Asia Gaming Consumer Economy is a co-authored research report by Telekom Malaysia and twimbit. The research process included a discussion with leading industry participants, a thorough review of all existing published material, a review of annual reports on major industry participants, twimbit analysis, and industry sources to derive the state of gaming economy in Southeast Asia (SEA). Specific third-party sources have been referenced. This research is conducted in Q2 2022.

Disclaimer

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SEA gaming consumer economy highlights



SEA has 6 major gaming markets

Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam account for 85% of the gamer population in the region. The internet accessibility and smartphone penetration is high, which provides major growth opportunities for the gaming economy.

Mobile gaming is highly preferred

Mobile gaming is the dominating category in SEA gaming economy. To address this, PC game franchises released hits like League of Legends, Final Fantasy and PUBG to mobile. This trend to serve mobile gamers will continue in the region.

Gamers have high willingness to spend

In SEA, the more urbanised the population is, the more they are willing to spend to play and watch games. As of 2021, gamers in the region collectively spend US\$5.57bn, a 13.7% CAGR from 2018.

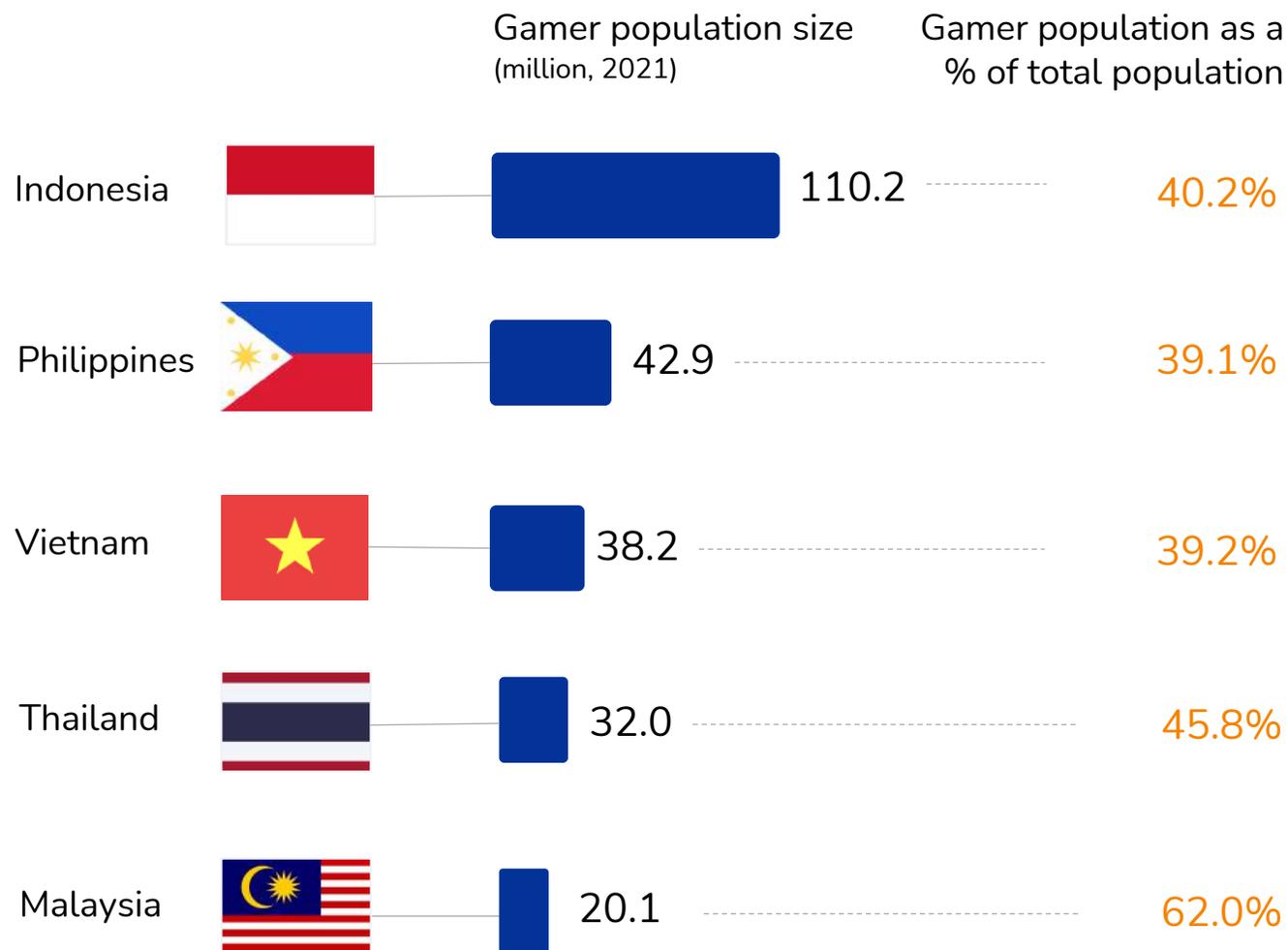
18% of gamers view eSport tournaments

eSport tournaments viewership is at nascent stages and is forecasted to grow exponentially. Governments and game publishers are taking initiatives to host open competition and tournaments in order to accelerate the growth of the community. Game streaming will be a significant revenue contributor in the region in coming years.

SEA houses 276.4mil gamers, accounting for 18.7% of the Asia gaming population

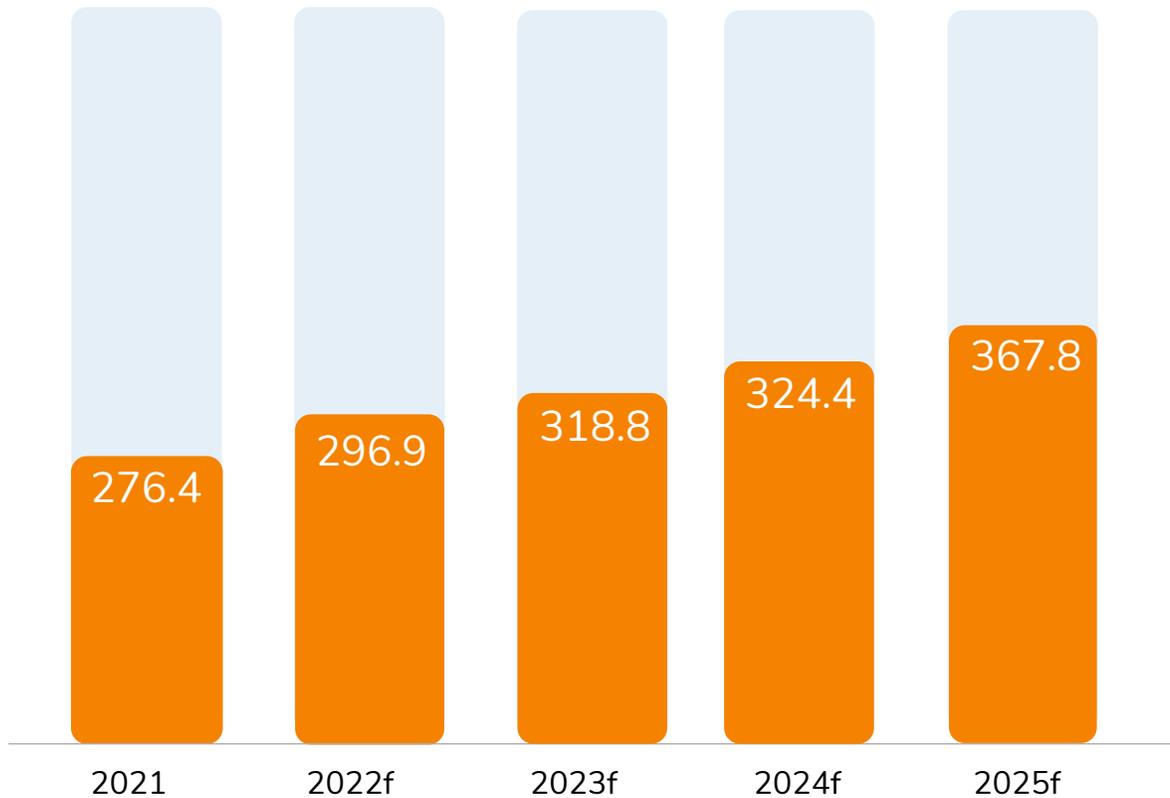
The gaming industry is becoming more significant in SEA, as more than one-third of the population are active gamers. The gaming population is expanding rapidly, with an 8.2% y-o-y increase as connectivity infrastructure and smartphone adoption improves. The global average stands at 5.4% y-o-y growth.

While Indonesia and Philippines are leaders in having the most gamers as a percentage of the total population; Malaysia leads in gamer population as percent of total population. Over time, the gamer population could surpass beyond 50% of the total SEA population.



Gamer population size forecast
(million, 2021-2025f)

■ Gaming population ■ SEA population



Gaming population may exceed 50% of total SEA population by 2024

SEA current population is at 640 million.

The rapid growth pace of the gaming population has and will continue to outgrow the SEA total population growth. In just a few years, 1 in 2 Southeast Asians is likely to be a gamer, active on their console, desktop or mobile.

This pace will be more significant in younger median age Southeast Asian countries, such as Vietnam.

The average CAGR in the region between 2021 to 2025f is 7.4%.

51% of Southeast Asian gamers are active in action strategy and casual games

86% of Southeast Asian gamers are actively participating in these top 5 game genres. Generally, the leading game genre, action strategy, has a lower entry barrier and a lower time commitment. For instance, some of the leading action strategy games in the SEA region are Counter Strike and Mobile Legends. Both games run between 5-10 minutes for each round before restarting a new round .

The popularity of the strategy genre is also exhibited in the SEA Games 2022, where subset of it - Multi-player Online Battle Arena (MOBA), was the main competing genre.

Top 5 game genres in SEA (2021)



36%

Strategy



15%

Action



13%

Role playing



13%

Casual



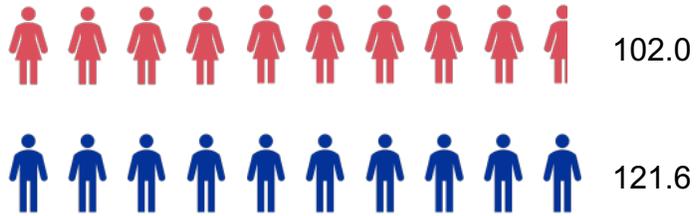
9%

Adventure

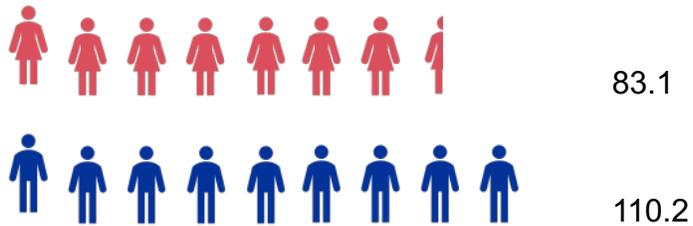
Gamers by gender vs. device usage
(million, 2021)



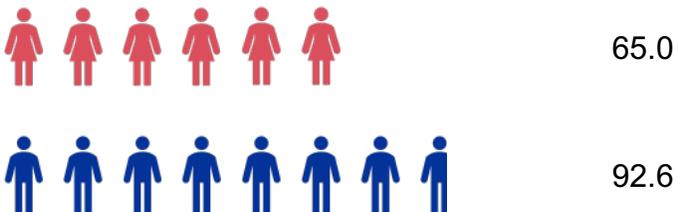
mobile



console



desktop



Above 50% of gamers are playing through more than 1 device in SEA

The gender split among gamers is almost even, with male players accounting for 53% of the total, while females are 47% in 2021.

In SEA, the ratio of male players across devices, on average, is above females, except for Indonesia's mobile gaming market. In the country, females account for 54% of mobile gamers. In fact, Indonesian female mobile gamers are one of the most active in the region.

Mobile gaming is the biggest and fastest-growing segment in the region. The supply of affordable and higher-spec smartphones improved internet accessibility and performance, and global game publishers focusing their investment in the region drives this growth even further.

International publishers dominate SEA's top mobile games list

SEA is home to 5,574 mobile game publishers. Together, Vietnam and Indonesia account for 55% of them at 1,600 and 1,466, respectively.

Despite a vibrant environment, only one publisher, Garena, made it into the list of top mobile games in 2021, according to the iOS App Store and Google play store.

The market is extremely competitive. As seen, many international publishers have targeted SEA and continue to yield excellent results. This is because, with 17.4% growth, SEA is the fastest-growing mobile games market in the world.

Thus, differentiated experience in-game is needed to compete effectively in the region.

Top mobile games and publisher (2021)



Mobile Legends: Bang Bang
Shanghai Moonton Technology Co.Ltd.



Ni no Kuni: Cross Worlds
Netmarble Corp.



Stumble Guys
Kitka Games



Roblox
Roblox Corporation



Clash of Clans
Supercell Oy



Subway Surfers
SYBO Games



Genshin Impact
miHOYO Co. Ltd.



Free Fire MAX
Garena Intl.



Candy Crush Saga
King.com Ltd.



Coin Master
Moon Active

Source: iOS App Store and Google PlayStore

Top video games and ranking in SEA countries (2021)



League of Legends

#1 in Vietnam



Call of Duty

#1 in Malaysia, Indonesia, Philippines



Minecraft

#1 in Singapore



Final Fantasy

#1 in Thailand



Dota

#2 in Malaysia

#3 in Philippines

#4 in Singapore

#5 in Indonesia



Overwatch

#4 in Vietnam



The Walking Dead

#3 in Vietnam

Video games are fuel to eSports expansion in the region

The preference for video games in SEA are similar across countries. In fact, games like Dota has been a regional favorite for almost two decades – the longest streak.

The characteristics that capture Southeast Asian gamers are strategy and first-person shooter (action) games. Also, the gamer population exhibits willingness to purchase games with Call of Duty and Minecraft topping the list for 4 countries while Final Fantasy, a subscription model game, leads in Thailand.

The popularity of these games are the reason for eSports growth and acceptance in the region. This led to eSports being sanctioned by the International Olympic Committee during the SEA Games 2022.

eSports and gaming are going mainstream

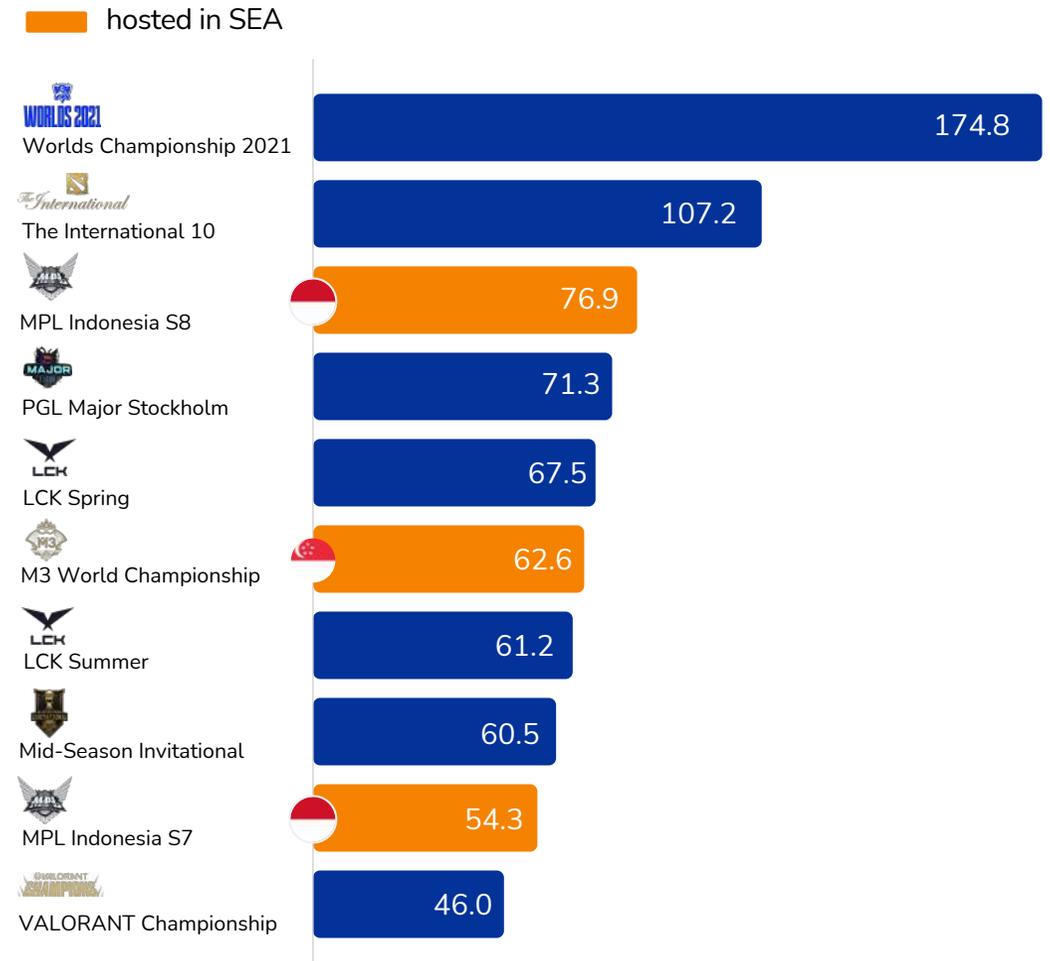
In 2021, 3 eSport tournaments hosted in SEA made the global most-watched list. One of which is a global tournament with rosters dominated by SEA teams.

The Covid-19 pandemic has accelerated eSports viewership in SEA. Fans have grown accustomed to watching live tournaments online through YouTube, Twitch and Facebook.

Developers, publishers, service providers and event organisers in the eSports industry are now expected to use new technologies and broadcast tactics to deliver immersive and differentiated experiences. Many are increasing their investment to enhance the gameplay, competitive environment and tournament experiences to capitalise on the growing demand.

Additionally, mobile eSport tournaments take centre stage in online fans' viewership and are likely to be the mainstay of gaming in SEA. As the roll out of 5G networks continue in the region, it will open more avenues for gamers across platforms and through cloud gaming.

Global most watched eSport tournaments by hours watched (million, 2021)



Source: eSports CHARTS

Total game revenue from gamer spend
(US\$ billion, 2018 and 2021)



64% of SEA gamers are willing to spend but amount differs due to economic disparity

SEA is a leading contributor towards Asian gaming revenue. Since the beginning of the 2010s, the revenue from mobile gaming and online gaming in the region have been growing and stabilising. Mobile games accounts for approximately 70% of in-game revenue in the region.

Urbanisation and the younger age population have positively impacted this willingness to spend for entertainment in the region.

For example:

- 49% of Indonesian mobile gamers spend more than US\$9/annum/person on items and in-game packages
- 50% of Thai gamers spend more than US\$27/annum/person annually on their favorite genre
- 60% of Singaporean gamers spend on average US\$189/annum/person
- 87% of Malaysians gamers are willing to spend on average US\$40/annum/person on games

Also, Vietnam and the Philippines are experiencing over a 50% and 55% increase in consumer spending on mobile gaming, respectively, compared to 2020.

Importantly, governments in the region are enabling the growth of spending by championing initiatives for game development and game exhibition – Indonesia and Vietnam in particular.

Southeast Asian game monetisation strategies are aligned with rest of Asia

3 popular monetisation strategies



Free-to-play (F2P) *Successful in mobile*

Highly successful monetisation model. Accounts for >86% of mobile games revenue in SEA.

Common tactics:

1. In-app purchases is the monetisation model of top game titles in SEA.
2. In-game ads help to capture revenue from gamers who typically do not spend in-games.



Hybrid monetisation *Growing in popularity*

Allows developers to build multiple revenue streams in 1 game. A mix of different monetisation models, such as a combination between in-app purchases and in-game ads.

Commonly, game developers collaborate with commercial marketers to create branded items and skins for gamers to differentiate between each other.

Essential to build a complementing combination to win over different types of gamers.

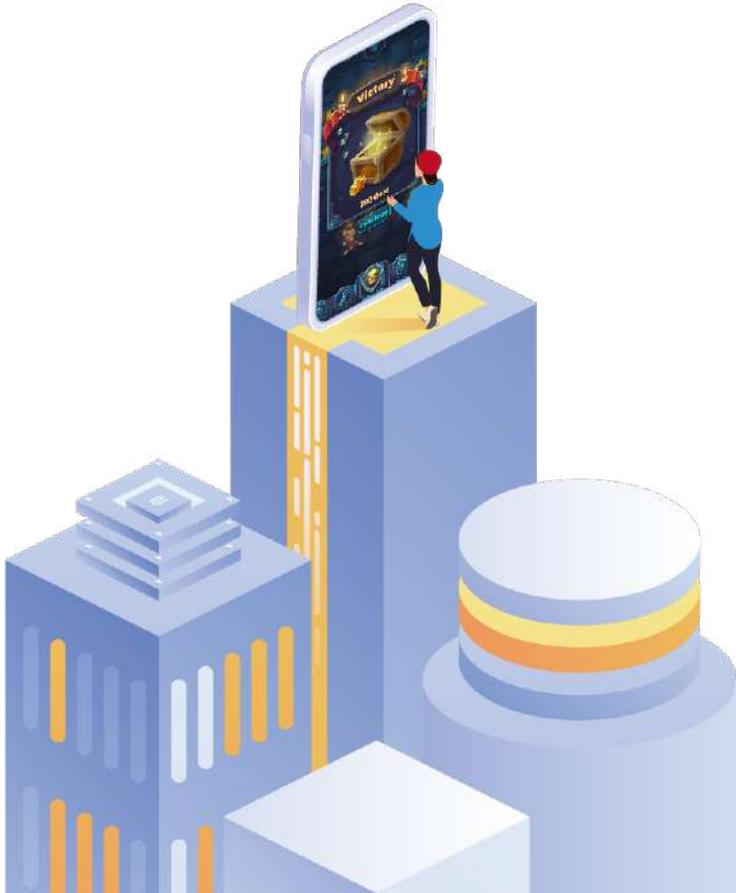


Subscription *Making a comeback*

Traditional subscription model where the gamer pays a monthly fee to access additional content.

An improved model has been showing a successful streak – battle passes. This model runs by seasons decided by the developers. Gamers who purchase a battle pass will be given an opportunity to unlock exclusive rewards based on their performance. It is a paid-for positive reinforcement strategy that incentivizes better gameplay.

Southeast Asian gaming landscape presents **growth opportunities** as the market expands



Cloud games

Cloud games, otherwise known as Gaming-as-a-Service (GaaS) is likely to grow in popularity. GaaS leverages on cloud servers and internet connectivity. Penetration and reliability have improved significantly in the region. This service is most likely to witness a parallel growth with mobile games.

Future is female

Female gamers are a key growth driver in the Southeast Asian gaming economy. The gender split of gamers in each country is even, especially in mobile. Also, females are more willing to spend in F2P games. As gaming becomes mainstream, female gamers is a group that all industry participants stakeholders need to strategise and address to remain competitive.

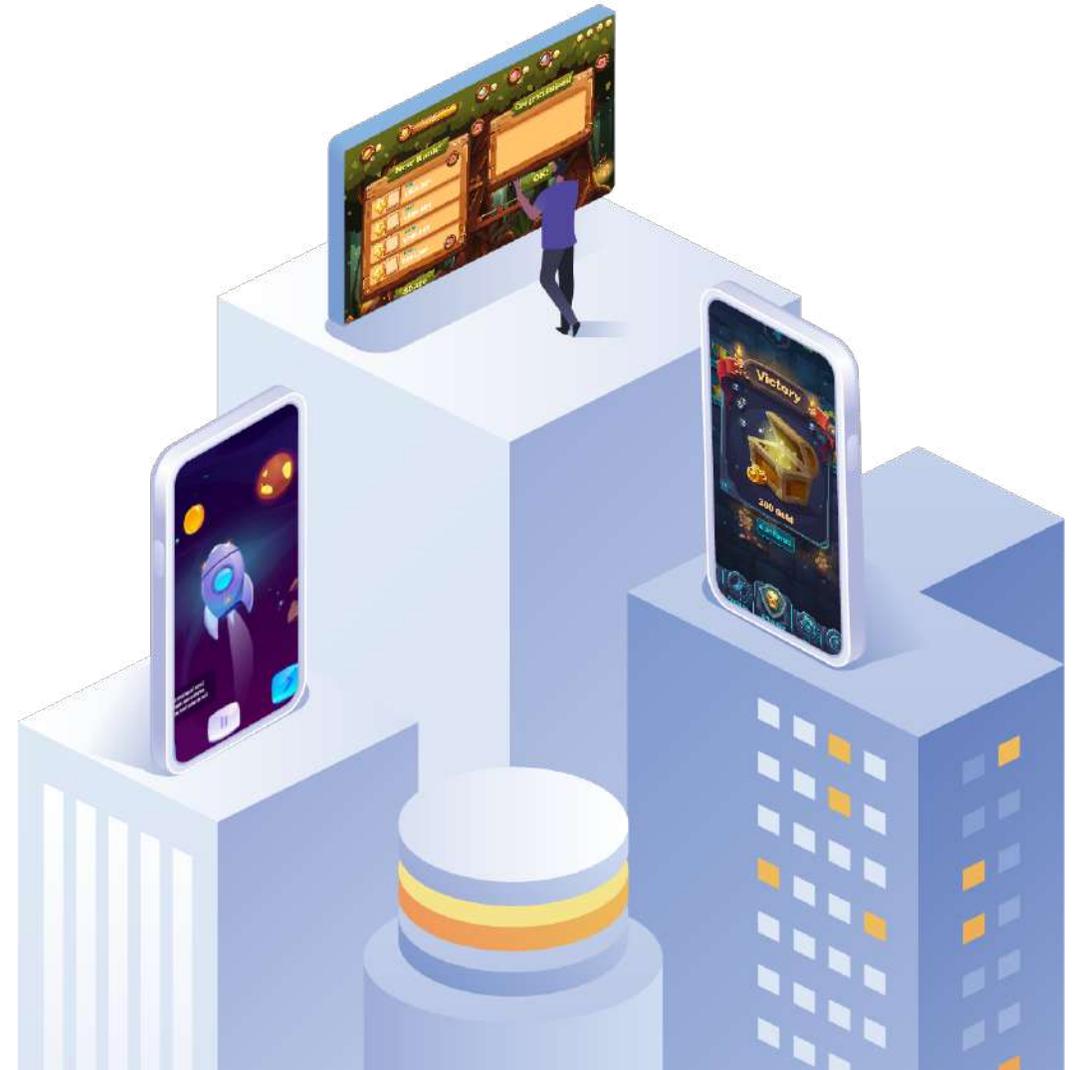
Mobile eSports

Over the last 3 years, there's been an influx of video games that have extended into the mobile platform. PC franchises like League of Legends, Apex Legends and Final Fantasy have all created a mobile version to capture the gamer segment. The dominance of mobile gaming in SEA prompts prevalent opportunities to build successful mobile eSport titles that can capture the community.

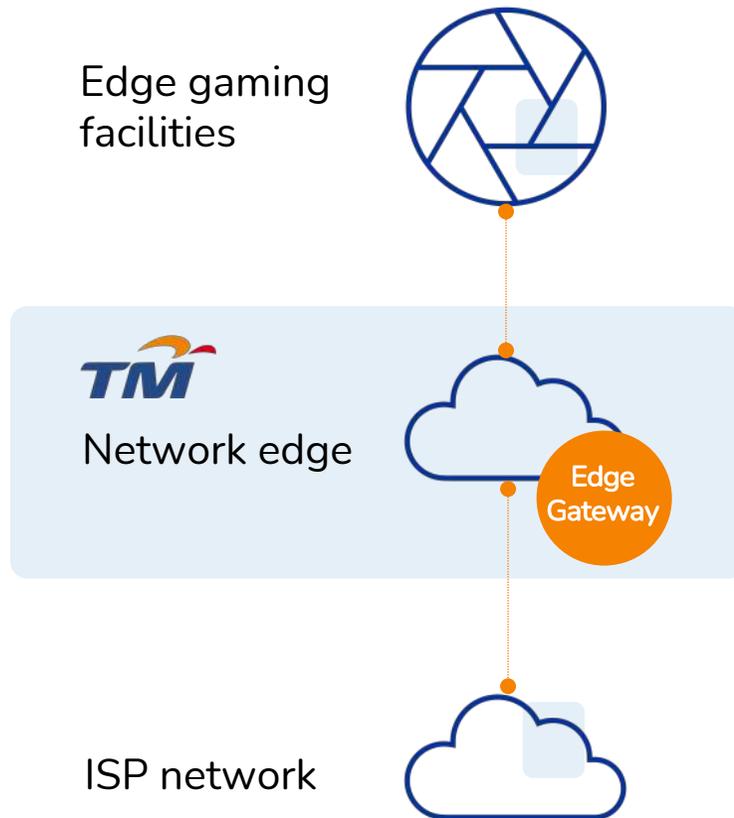
3 must-haves for gaming industry participants

The SEA gaming landscape provides immense growth opportunities. Industry participants should leverage technologies to capitalise these opportunities.

- #1 Deliver an uninterrupted gaming experience with edge computing
- #2 Provide flexibility for gamers to play and watch
- #3 Equip with the ability to scale up or down instantly / on-demand



#1 Deliver an **uninterrupted gaming experience** with edge computing



Low latency is the key demand of gamers in SEA and globally. Delivering latency-sensitive digital media that can achieve peak performance, regardless of location and device type is the foundation to a successful game.

Given the nature of SEA, adopting edge computing for an uninterrupted game experience is important.

How edge computing delivers an uninterrupted gaming experience?

Edge computing reduces the distance data must travel. With it, compute power is pushed closer to the network's edge. Ultimately, gamers can enjoy the lower ping and reduced lag in games.

An example would be delivering real-time strategy games, where Artificial Intelligence (AI) is involved. When computer processing is conducted locally, there's an upper limit to its performance. If this is offload to a server placed on an edge infrastructure, gamers can play the real-time strategy game with an elevated, low-latency experience.

Edge computing can deliver the uninterrupted gaming experience, without needing top-notch internet infrastructure, a common issue in less urbanised towns.

#2 Provide flexibility for gamers to play and watch



Flexibility to stream

Gamers should be able to stream game content seamlessly and be given options to watch online and offline. Give users choices to watch in order to promote viewership growth.



Play across device

With more than 50% of gamers playing through multiple devices, games need to have the flexibility to allow a transitional experience.



Options to spend

Provide gamers with more creative options to spend through collaborations, partnerships or new tactics. To convert non-spending gamers, developers need to look beyond in-game ads and think towards credit earning.



Flexible user experience

Games should repurpose into platforms, allowing a flexible range of user experiences. While many might still simply want to shoot guns, some may want to find room to socialise.

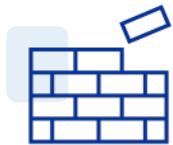
#3 Equip with ability to **scale up or down**, instantly

As gaming demand grows, so does supply. It is important for developers to build a game architecture that is scalable, reliable, and agile in order to address traffic bursts, server merges, in-game bugs and more.

Edge cloud-native solutions allow developers to leverage capacity on demand to scale up and down with the amount of gamers. It is more reliable than guessing the server demands and potentially over-purchasing or under-purchasing hardware. It is important for modern game developers to equip themselves with this ability to ensure economies of scale and that they do not suffer from overpaying for unused server capacity.

With tough competition in the industry, building a scalable architecture should be the primary priority.

3 benefits of a scalable architecture



Cost-effective development



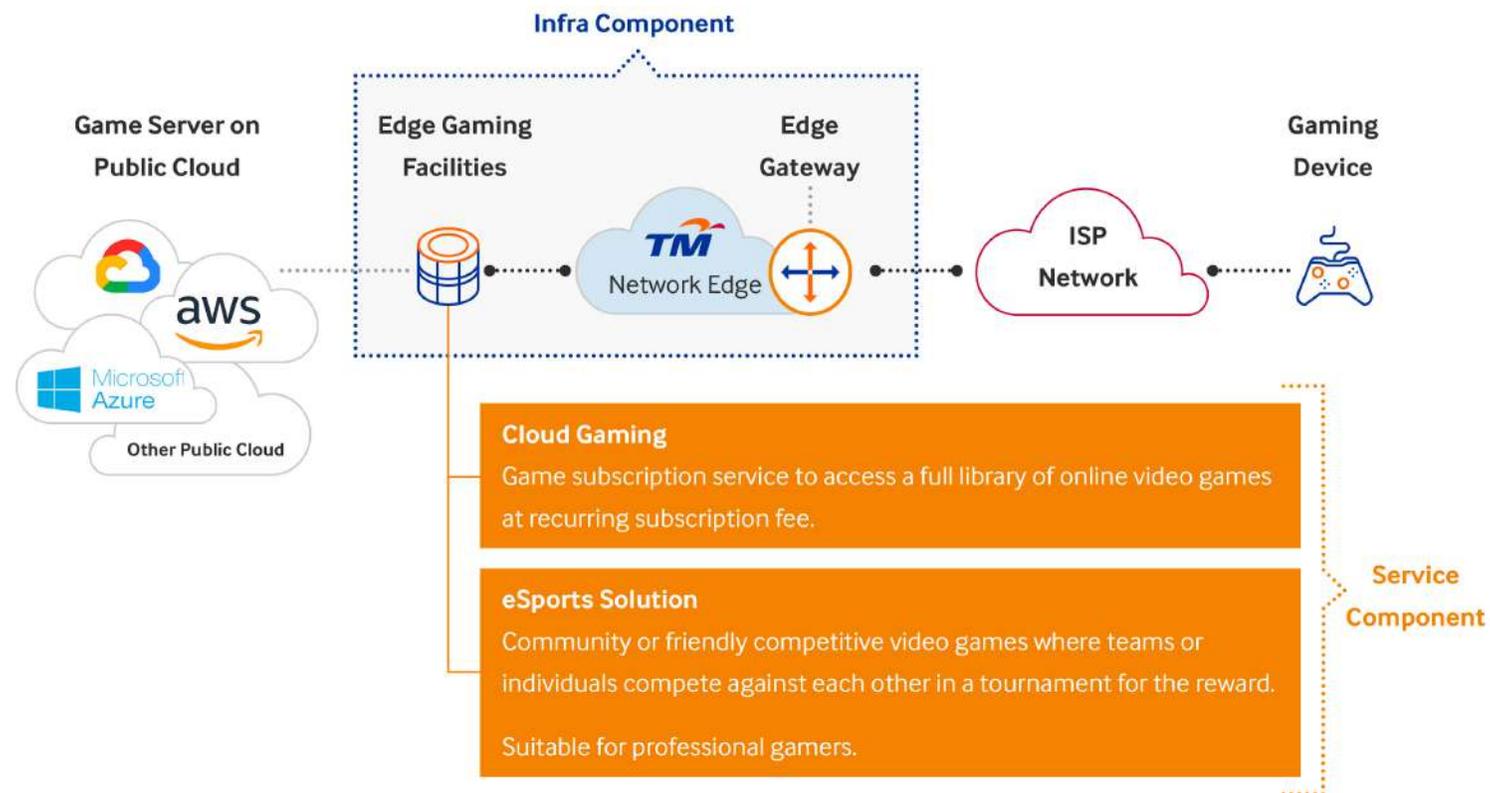
Performance at scale



Grow with resiliency

TM Edge Gaming: The Game Changer

TM Edge Gaming is a holistic edge gaming ecosystem that leverages TM's edge facility located closer to the end user to provide a high quality, low latency, reliable, stable, and immersive digital gaming experience. TM Edge Gaming is compatible with all devices and operating systems and also provides API integrations with ISPs for a smoother end-user experience.





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With extensive global connectivity, network infrastructure and collective expertise, TM WHOLESALE aims to serve not only as a gateway for the world to Malaysia, but more broadly, to the region.

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