Preview of the Southeast Asian Games Market

Opportunities in the world’s fastest growing region

FEATURES A SELECTION OF FINDINGS FROM THE FULL 75-PAGE SEA REPORT

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Introduction

Foreword
An important part of Newzoo’s games market research activities consists of primary consumer research aimed at generating nationally representative data for individual countries. Since 2014, we have added six countries from Southeast Asia to our portfolio, which together with the opening of our Shanghai office, is a major step in expanding our Asian business. It brings our consumer research portfolio to 25 countries, representing over 70% of the world’s gamers and 85% of its revenues.

We believe that consumer data has most value when evaluated within the cultural, economic, political and social context of a country. For this reason, we initiated a series of free reports on key countries or regions to accompany our data. Following the hugely positive response to our reports on China (downloaded more than 2,000 times) and on Russia, we asked our clients for suggestions. The most frequently mentioned was Southeast Asia, regardless of whether the client’s origin was in Europe, America or Asia. This free report features a selection of findings from our full 75-page report.

We are grateful for support from a select group of companies that have been involved in the Southeast Asia project from the start. A huge thank you goes out to our friends at Facebook, Microsoft, Baidu and Electronic Arts. If you have any questions, feedback or comments, please do not hesitate to contact us.

Welcome to Southeast Asia!
Southeast Asia’s economic growth prospects, huge population and fast-rising (mobile) internet connectivity essentially guarantee double digit growth rates in terms of game spending for many years to come. In addition, Southeast Asia is a region that could prove easier to access as a foreign company than for instance China or Russia, making it an attractive region to consider for business development.

In addition to its sheer size and potential, Southeast Asia is very interesting to monitor over the coming years for another reason. Many Japanese, Korean and specifically Chinese game companies have had mixed success in trying to conquer the West. Many have since shifted their attention to countries in Southeast Asia that are closer in terms of geography and (game) culture.

At the same time, Western companies have spotted the potential and set up local offices and localized content. Southeast Asia will undoubtedly be a key battleground for global players in the games space.

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Full SEA Report & Data:
Southeast Asia Upgrades
- Full 75-page SEA Report
- Full access to 200+ research topics
- Unlimited interactive (online) cross-analysis possibilities with the Newzoo Data Explorer
- Custom analysis support

Other Newzoo Reports & Data:
Global Games Market Report Premium
- 45 page report (pdf)
- Granular 2013-2018 datasets (xls)
- Quarterly updates

eSports Reports & Data
- eSports Country Reports & Data
- Global Growth of eSports

For full details and pricing, please visit www.newzoo.com
Southeast Asia is a sub-region of Asia with an area of approximately 4.5 million square kilometers, which is roughly half the area of the United States. It consists of two geographic regions: Maritime Southeast Asia (Malay Archipelago) and Mainland Southeast Asia (Indochina). Eleven countries make up the region. This report will focus on the “Big 6”, or the six majors, which are the dominant economies in Southeast Asia: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

**Population**

The population of Southeast Asia is estimated at 626 million. In the Big 6, there are 548 million people, which accounts for 87.6% of Southeast Asia’s total population. Indonesia alone, with its enormous population, accounts for more than 40% of Southeast Asia.

**Age Structure**

Much of the region’s population is young, with the majority in, or about to enter, the working age demographic (15-64). This young workforce is driving investment in education and skills training in addition to increasing the demand for goods. Overall, Southeast Asia’s young demographic plays a key role in the region’s current and forecast competitive advantage in the world economy.
Games Revenues and Growth per Country

Revenues of the Southeast Asian games market will double to $2.2Bn by 2017. Thailand will remain the largest market in terms of gaming revenues in Southeast Asia, closely followed by Indonesia and Malaysia. Singapore will continue to grow but will lose market share to faster growing countries such as Indonesia and the Philippines. Vietnam and Thailand will grow in line with the overall market, maintaining their market share.

Source: Newzoo Global Games Market Report Premium

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Population
With a population 252.8 million in 2014, Indonesia is the most populous country in Southeast Asia and fourth in the world. About 57% of Indonesia’s population live on Java, the most populous island in the world. Though Indonesia has embarked on family planning programs, the population growth shows no sign of slowing. According to projections by the UN, Indonesia is expected to have a population that exceeds 270 million by 2025, 285 million by 2035, and 290 million by 2045. An important demographic strength is Indonesia’s young population and corresponding large workforce, a key driver for growth of consumption.

Age Breakdown of Indonesia 2014
Age Distribution of Population

Source: CIA The World Factbook

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Full SEA Report Includes Indonesia
- Politics & Culture
- Population
- Economy
- Media Landscape
- Internet Access
- Online Video
- Digital Media
- Mobile, Smartphones & Tablets
- Games Market Revenues 2013-2017
- Revenues per Segment 2013-2017
- Players, Payers & Average Spend
- Revenues & Gamers per Screen
- Mobile Game Genre Preferences
- Local Companies & Associations

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Malaysia

Malaysia is separated by the South China Sea into two regions: Peninsular Malaysia and East Malaysia (Malaysian Borneo). It has a total landmass of approximately 330,000 square kilometers, which is slightly smaller than the size of Germany. Malaysia has its origins in the Malay Kingdoms, which became subject to the British Empire in the 18th century. The British brought in Chinese and Indian laborers in the early 20th century. Peninsular Malaysia was first unified as the Malayan Union in 1946 and restructured as the Federation of Malaya in 1948. Malaya achieved independence in 1957. In 1963, Malaya united with the crown colonies of Singapore, North Borneo and Sarawak to become Malaysia. The Federation faced significant tensions, which ultimately resulted in Singapore’s exit from the Federation in 1965.

Screen Used to Play Games On
As Share of all gamers

Share of Gamers per Screen
In Southeast Asia, Malaysia is the country where playing on multiple screens is most popular. Of all Malaysian gamers, 26.5% plays on all four screens: Computer Screen (PC), Personal Screen (smartphone), Entertainment Screen (console) and Floating Screen (tablet/handheld console). This is is above the global average of 23.9%.

Source: ©2014 Newzoo Screen Segmentation Model™

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Philippines

The Philippines, officially Republic of the Philippines, is an archipelago of 7,107 islands covering about 300,000 square kilometers. Magellan's arrival in 1521 marked the beginning of Spanish colonization, which lasted for more than 300 years. The Philippine Revolution at the end of the 19th century resulted in the short-lived First Philippine Republic. The Philippine-American war followed, resulting in the Philippines becoming an unincorporated territory of the US. After a period of Japanese occupation during World War II, the US formally granted the Philippines independence in 1946. It has since been on a rocky path to full democracy, including 20 years of dictatorial rule by Ferdinand Marcos, who was overthrown by the People Power Revolution in 1986.

Philippines

Internet Access
Between 2004 and 2014, internet access grew more than 800%, the fastest rate in Southeast Asia, due primarily to the boom in mobile internet. Other contributing factors include: investments from telecom companies into expanding coverage across the islands, computer literacy programs in schools, and increasing affordability of computers and gadgets. Internet penetration reached 42% in 2014, translating to an online population of about 42 million.

Internet Penetration Growth 2004-2014
As Percent of Population

Source: ITU, Newzoo forecast for 2014
Gamers by Age and Gender

Almost 52% of all gamers in Singapore are men and within both gender groups, people aged 21 to 35 are the most likely to play games. Singapore is the only country in Southeast Asia where there are more gamers aged 36 to 50 than gamers aged 10 to 20.
Thailand

The Kingdom of Thailand is a country at the center of Indochina with a total area of about 513,000 square kilometers, roughly twice the size of the UK. European traders arrived in the 16th century, but despite European interest, Thailand remains the only Southeast Asian nation that has never been colonized. The Thai use the phrase "land of the free" to express pride in this fact. Formerly known as Siam, the country changed its name to Thailand in 1939. Thailand is a monarchy headed by King Bhumibol Adulyadej, Rama IX. Although a constitutional system was established in 1932, the monarchy and the military have continued to intervene periodically in politics.

Thailand's Games Market

The total size of Thailand's games market in terms of revenues is expected to grow from $230.3M in 2014 to $490.9M in 2017, representing a CAGR of 30.9%. The total number of players is expected to grow at a CAGR of 8.5% over the same period, from a starting point of 14.7 million in 2014, which is a relatively low share of the total population.

Games Market Revenues 2014

Per Segment (Outer Circle) & Screen (Inner Circle)

Source: Newzoo Global Games Market Report Premium

Revenues & Gamers per Screen

For full details and pricing, please visit www.newzoo.com/sea
Vietnam

Vietnam, officially the Social Republic of Vietnam, is the easternmost country on the Indochina Peninsula with a total area of about 331,000 square kilometers. Vietnam was part of Imperial China for over a millennium from 111 BC to 938 AD. It was colonized by the French in the mid-19th century. Following Japanese occupation in the 1940s, Vietnam expelled the French in 1954 after the First Indochina War and was divided into two rival states of North and South Vietnam. Conflict culminated into the Vietnam War (known as the American War in Vietnam, or the Second Indochina War), which ended in 1975 with North Vietnamese victory and unification under a communist government.

Revenues per Segment: Explosive Mobile Growth

Smartphone games only account for about 18% of revenues in 2014, but the segment will see an impressive CAGR of 87.7%, the fastest in Southeast Asia, becoming the biggest segment by 2017. Mobile games revenues (phones and tablets together) will reach $161.6M, accounting for just over 50% of all games revenues in 2017.

Growth of Mobile Games

In Revenues 2013-2017

Source: Newzoo Global Games Market Report Premium
Full SEA Report & Data

Southeast Asia Upgrades

- Full 75-page Report: Introduction to the Southeast Asian Games Market: Opportunities in the world's fastest growing region
- Full access to all consumer research data across all market segments: MMO, Social/Casual, Mobile, PC/MMO and Console
- Unlimited interactive (online) cross-analysis possibilities with 200+ topics in each individual country through the Newzoo Data Explorer, with results presented in exportable graphs and tables
- Comparable data is also available for 19 other countries outside Southeast Asia through the Newzoo Data Explorer
- Custom analysis support for the full year by a dedicated Newzoo analyst
- Active support with joint PR opportunities

Pricing
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Newzoo is an innovative global market research firm with a primary focus on games. We provide our clients with a mix of consumer research, transactional data and financial analysis across all continents, screens and business models. We aim to be ahead the curve when it comes to global and local trends and always put hard data into a broader perspective.

We work for the majority of top 25 public companies by game revenue, many independent game developers as well as a variety of global hardware and media companies. The majority of our clients are based in the US, Japan and China. Our company has its headquarters in the center of Amsterdam. We recently kicked-off our international expansion with an office in Shanghai, China.

The Newzoo data in this report is derived mainly from two of our products: Global Games Market Report Premium (12 months subscription)
- Global, Regional, Top 100 Countries
- Annual PDF Report on Trends, Revenue/Gamer Data, Future Projections
- Granular Datasets (Updated Quarterly): 2013-2017 Gamer/Revenue Data
- Quarterly Updates with Trends, Mobile, Company Performance, M&A

In-Depth Consumer Insights (12 months subscription)
- Available for 25 countries
- Cross-Analyze over 200 variables in the Newzoo Data Explorer
- Continuous custom analysis support by our analysts

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