

Analysis of Problems and Countermeasures of the Chinese Game Industry

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Abstract: China now boasts one of the biggest gaming marketplaces in the world because to the tremendous development of the gaming industry in recent years. But along with this increase, several problems have surfaced that are impeding the industry's normal progress. This essay provides a detailed analysis of the four main concerns plaguing the Chinese gaming industry: overzealous regulatory interference, homogenized content, a dearth of social responsibility, and difficulties with dishonest gamers and the ELO matching system. The article suggests many solutions to tackle these issues, such as refining regulatory contexts, encouraging creativity in-game material, bolstering social responsibility, and preventing cheating behavior while improving the ELO system. This study aims to provide feasible development paths for China's gaming industry, promoting sustainable growth and improving international competitiveness by maintaining fair gameplay, encouraging the creation of original content, reinforcing corporate social responsibility, and striking a balance between policy and market needs. This study provides a theoretical framework and useful recommendations for creating a safe and orderly gaming market environment, making it an invaluable resource for governments, trade groups, and gaming corporations.

Keywords: China's gaming industry, Policy intervention, Content homogenization, Social responsibility, ELO matching system.

1. Introduction

China's gaming market is now one of the biggest and fastest growing in the world as a result of the industry's recent rapid expansion [1]. The gaming business has shown enormous promise in entertainment, cultural communication, and technical improvement, driven by mobile internet and technological innovation. But as the sector has grown, so too have the difficulties and issues that it faces.

The Chinese gaming sector is now dealing with several problems. The four main issues facing the gaming industry today are too intrusive regulations, homogenized content, a dearth of social responsibility, and the frequency of cheating and issues with the ELO matching system [2]. These issues hurt social dynamics and player experience, as well as the long-term growth of gaming firms [3].

This essay provides a thorough analysis of these problems, examines how they affect the game business and suggests appropriate solutions. The objective is to provide suggestions that support the

gaming industry's healthy and sustainable growth in China, encourage industry innovation, and boost the sector's competitiveness globally.

2. Principal Problems

2.1. Overly Intimidating Policy Implementation

To stop teens from becoming addicted to gaming and the spread of harmful game material, the Chinese government has implemented rules about minor protection and content control on many occasions in recent years. Some of these laws, like the 2021 "Anti-Addiction Policy for Minors," which rigorously restricts gaming time for minors and mandates that corporations track game time using real-name authentication systems, had a good effect at first [1]. Nonetheless, the repeated interference has resulted in noteworthy adverse consequences for the firms.

Numerous small- and medium-sized gaming businesses saw a drop in profitability as a direct result of several regulation changes made between 2019 and 2021 [4]. For example, limits on the amount of time their target demographic may spend playing their games caused certain firms that specialize in games for younger audiences to see a substantial decline in income. Simultaneously, the lack of clarity around policy has impeded firms' ability to develop enduring strategic plans, thus impacting innovation across the sector. Due to their limited resources, small and medium-sized businesses in particular have a tougher time adapting to frequent changes in legislation, which may cause operational issues [2].

Conservative gaming content development has also resulted from frequent legislative interventions. Many organizations forgo creating more inventive and difficult game kinds in favor of creating low-risk, highly compliant game material to reduce regulatory risks [5-6]. This has reduced the variety of content and produced a uniform market structure.

2.2. Game Content Homogenization

The Chinese game sector is one where the issue of content uniformity is very noticeable. In an attempt to make quick money, several businesses have produced "reskin games," which are essentially just graphic assets of previously published games that have been marginally altered and rereleased with almost any modifications made to the main gameplay or systems [3]. This method shortens the game's lifetime and causes player aesthetic fatigue, even though it can save production expenses.

Data from market research company Newzoo indicates that a "gacha" feature was included into more than 60% of new mobile games released in the Chinese market in 2021 [7]. Long-term player interest is not sustained by this mechanism, even though it might temporarily increase player spending due to a lack of creative material. Some popular games, like Honor of Kings and Game for Peace, continue to have a sizable user base, although a lot of new "reskin" games lose most of their users soon after they are released [6].

Not only does the standardization of material impact gaming mechanics, but it also has an impact on visual design and narrative. A lot of Chinese video games don't explore contemporary culture or technology topics; instead, they heavily focus on "xianxia" (immortal heroes) concepts and traditional cultural symbols [6]. Players' interest in home-grown games has decreased due to this lack of variety in content, which has also made Chinese games less competitive abroad.

2.3. Absence of Social Duty

Despite the government's increasingly stringent regulations aimed at safeguarding minors from gambling, several gaming corporations continue to circumvent these regulations by technological techniques [5]. For instance, some businesses enable kids to circumvent anti-addiction programs and

promote irrational spending utilizing expensive monetization techniques by enabling them to use parental accounts. Social unrest is sometimes caused by kids accessing their parents' accounts to make significant payments without their knowledge [7].

Multiple incidents of children spending big amounts of money on gaming owing to addiction were made public by the media in 2021. The government further strengthened control over gaming businesses after a 12-year-old child stole his parents' personal information to spend over 100,000 RMB on a popular mobile game. This incident caused considerable public concern. Still, a lot of businesses rely on intricate payment schemes to boost profits while neglecting to take proactive steps to fulfill their social obligations [8].

2.4. Cheat and the ELO Matching System

The ELO matching system is used in many online multiplayer competitive games to pair players according to their in-game performance with others of a similar skill level. Nevertheless, dishonest players ruin the experience of normal gamers by abusing third-party tools to get an unfair edge [4]. This upsets the system's equilibrium. Even if a lot of game firms have anti-cheat systems in place, not enough money has been invested in technology to quickly identify numerous cheating actions [9].

For instance, cheating in PlayerUnknown's Battlegrounds (PUBG) sometimes entails altering data using unofficial tools, which enables users to greatly improve their performance and sabotage the regular matching process [9]. There is a noticeable drop in the number of users as regular gamers get disinterested in the game after often coming across cheats. Cheaters often continue to ruin the gaming experience by switching accounts or using increasingly advanced cheating tools, even though game developers frequently deploy anti-cheat updates and ban certain cheating accounts [8].

Unlike established Western gaming businesses like Valve in the United States, which has created cutting-edge anti-cheat technology including AI-based real-time player behavior monitoring for Counterstrike: Global Offensive (CS), Chinese gaming businesses spend less in this field than they should [9]. A lot of anti-cheat systems in Chinese games don't have real-time monitoring capabilities; they simply react to player complaints.

3. Solution Analysis

3.1. Enhancing the Legal Framework

The government should progressively cut down on direct gaming market involvement to support the healthy growth of China's gaming sector. This is especially important in light of the excessive regulation of game content and minor protection. This does not imply reducing industry monitoring; rather, a more open and transparent regulatory framework should be implemented to promote innovation and healthy competition among businesses.

First, by establishing consistent regulatory aims to lessen the frequency of ad hoc policies and prevent excessive market disruptions, the government may create a longer-term policy framework. Rather than just limiting gaming time and content, families and schools may be encouraged to take on more responsibility when it comes to minor protection. This would improve adolescent self-discipline and mental health education.

To increase the effectiveness of market monitoring, the government should also encourage gaming corporations and industry groups to employ self-regulatory procedures. Industry groups might, for instance, set up internal regulatory committees to oversee and assess member firms regularly to make sure they're following rules for content vetting and child protection. This system would improve businesses' capacity for self-management while simultaneously lowering government interference, encouraging a more robust growth of the sector [1].

The Entertainment Software Rating Board (ESRB) mostly reviews and monitors game material on the market in Western nations like the U.S., assisting parents in determining if a game is appropriate for youngsters. China may adopt this strategy and create a comparable industry association to enable businesses to freely take on social responsibility and lessen the frequency of government interventions.

3.2. Encouragement of Innovation in Video Games

The government and industry must collaborate to encourage the creation of unique gaming content to overcome the problem of content homogeneity [3]. China's gaming business has long neglected innovation and the potential for cultural exports in favor of "reskin games" to maximize short-term revenues. Therefore, to encourage businesses to create more daring and inventive content and develop distinctive cultural brands and gaming, regulatory assistance and market incentives are required.

By offering tax breaks, low-interest loans, and other ways to reduce production costs, the government may establish specific funds to assist small and medium-sized businesses and independent creators in creating creative games [10]. The government can provide export subsidies to encourage the internationalization of Chinese video games, especially for unique game concepts with a high level of competitiveness.

Furthermore, national game design contests may be frequently held by government and cultural agencies, asking professionals in the field, artists, and academics to serve as judges and pick games with creative and culturally significant designs. These endeavors will not only unearth fresh concepts and abilities but also elevate the industry's overall consciousness about innovation [6].

At the corporate level, gaming businesses need to progressively shift away from relying on transient income streams like the gacha concept and instead explore the possibilities of fusing technology and traditional Chinese culture. They ought to create unique games that satisfy consumer demand and preserve cultural nuance. For instance, including aspects from mythology, folklore, and ancient history might result in distinctive game intellectual property (IP) with Chinese features, encouraging cultural export in the international gaming industry.

Consider the Genshin Impact. This game achieves significant popularity locally and becomes a worldwide hit by skillfully fusing aspects of Chinese culture with contemporary game design. This indicates the ability of China's gaming sector to produce goods that can compete globally. Governments and businesses alike may benefit from Genshin Impact's achievements in encouraging content creation and boosting cultural exports.

3.3. Increasing Social Accountability

The game business needs to assume more social responsibility as a powerful cultural force [7], especially about safeguarding children and encouraging sensible consumption. To maximize short-term earnings, several businesses use intricate payment schemes to encourage excessive spending by minors, harming not just the image of the sector but also society at large.

To make sure that minors are unable to circumvent system limits, gaming businesses must first closely adhere to the state's anti-addiction system regulations by using more sophisticated technology, such as face recognition and AI monitoring. Additionally, to keep minors out of high-cost traps, businesses should deliberately limit income generated from complicated payment processes and create more sensible consumption patterns.

Second, businesses need to give players' mental health—especially that of teenagers—more consideration. Gaming firms can include mental health warnings in their games, which encourage users to moderate their gaming time and refrain from overindulging. Companies may also work with mental health facilities to provide gamers who have an addiction tendency online therapy and psychological support, which can help them cope with stress and change their perspective.

Leading the way in the adoption of anti-addiction programs in South Korea. In collaboration with the government, Korean gaming businesses have put in place strict identification verification and surveillance systems to make sure that minors are unable to simply get around anti-addiction measures. Chinese gaming firms might benefit from this strategy, which uses technology to improve child safety measures and lessen the public's unfavorable opinions of the gaming sector.

Schools and families should actively engage in education around game consumption and use in addition to corporate accountability. To assist youth, in developing appropriate consumption ideas and time management awareness for gaming, the government might work with educational agencies to provide specialized courses on healthy gaming. In addition, parents must closely monitor their kids' gaming habits and provide them with guidance on how to play games healthily.

3.4. Relentlessly Fighting Cheating Behavior and Enhancing the ELO System

Cheating negatively impacts player experience and the well-being of the gaming community by seriously undermining the fairness of games, particularly in competitive gaming. Gaming businesses must spend more on technology and raise the sophistication of anti-cheating systems to successfully fight cheating.

To track player activity in real-time and automatically detect and punish cheaters, gaming businesses need to use increasingly sophisticated artificial intelligence and big data analysis tools [9]. Companies may examine player behavior patterns in competitive games in particular to identify instances of cheating tools being used, such as striking targets very precisely and quickly. Additionally, businesses should work with reputable anti-cheat technology providers to upgrade anti-cheat systems regularly so that they can react swiftly to emerging cheating techniques.

In terms of sanctions, gaming businesses have to be more aggressive in combating cheating. Players who cheat often, for example, run the risk of having their accounts permanently banned and being posted to a public "blacklist," which makes cheating more expensive. Companies might also include in-game rewards systems to incentivize players to actively report cheating, therefore creating a collaborative monitoring environment.

Enhancing the ELO Matching System: In addition to preventing cheating, gaming firms need to enhance the ELO matching system to guarantee that players engage in fair competition with opponents who possess comparable skill levels. Businesses may include a "dynamic adjustment" technique in which the system will immediately remove a player from the normal matchmaking queue and modify their ELO score if it detects that the player is using cheating tools [9]. To make every match more balanced and entertaining, the ELO system for regular players may also include other characteristics, such as gaming style and teamwork aptitude.

Big Western game developers, such as Valve, who created Counterstrike: Global Offensive (CS) use a technique known as "VAC" (Valve Anti-Cheat). This method can quickly ban cheaters by using big data and artificial intelligence to identify if users are using outside cheating tools. The entire player experience has been enhanced and cheating has been drastically decreased globally thanks to the effective anti-cheat technology. Chinese gaming firms might take a cue from this technology and modify it for their market to make enhancements that are more regionally relevant.

4. Conclusion

The aforementioned four ideas are discussed in detail to show that there is hope for China's gaming sector despite its obstacles. This essay examines difficulties with the ELO matching system, excessive government meddling, standardization of content, and a lack of social responsibility. It suggests a variety of approaches for the Chinese gaming market, such as strengthening the regulatory framework, encouraging creative content creation, raising awareness of social responsibility, and discouraging

dishonest conduct. It is anticipated that the combined use of these solutions would result in a more sustainable and healthy economy, boosting China's gaming sector's competitiveness abroad and providing invaluable experience for the growth of the gaming industry worldwide.

Future studies could assess the practical efficacy of these solutions by looking at things like how well original games perform internationally, how well industry innovation capacity changes after policy optimization, and how corporate social responsibility affects minors' gaming behavior. Furthermore, the gaming industry's innovation and regulation strategies will change as technology advances. For the gaming sector to continue to be prosperous in the long run, legislation, markets, and societal dynamics must be continuously monitored.

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