

Gaming is booming in China as the coronavirus means more time at home

With the coronavirus still raging on in China and 70,548 confirmed cases, and 1,770 deaths it is no wonder that much of China remains in lockdown. As a result, online gaming activity is setting record highs in China as more people spend more time at home.

The implication for investors is that Chinese gaming-related companies should be in for a booming quarter when they next report results. While some of this is already priced into gaming stocks, should the coronavirus last longer more gains can be expected.

Tencent rallies 10% in the past month as more Chinese stay at home gaming

Last month when I wrote: "The Wuhan Coronavirus crisis leads to some investment opportunities" I mentioned that Chinese internet stocks can be possible winners including gaming and social media giant Tencent (OTC: TCEHY). The stock has rallied 10% since then. The longer the coronavirus has a significant impact then I expect the Tencent rally to continue.

Game live streaming hours watched up 17% in January

VentureBeat just reported that game live streaming was up 17% to nearly 500 million view hours in January 2020. The most popular streaming sites were Amazon's Twitch (NASDAQ: AMZN), Alphabet Google's (NASDAQ: GOOGL) (NASDAQ: GOOG) YouTube Gaming, Facebook Gaming (NASDAQ: FB), and Microsoft (NASDAQ: MSFT) Mixer.

In China, Tencent backed Douyu and Huya will benefit from

increased live streaming. Ironically Douyu's headquarters is located in Wuhan, the center of the coronavirus epidemic.

A game called 'Plague Inc.' has become highly popular and is like the real-life coronavirus threat

Ironically one of the most popular games in China nowadays is titled "Plague Inc". It involves trying to spread a deadly disease globally. The game maker Ndemic Creations said their 'website had gone offline due to high levels of gameplay'. 'Plague Inc.' was China's most downloaded App last month.

Plague Inc. – Can you infect the World?



Source

Cloud gaming is just starting now

Cloud gaming involves internet streaming to deliver games on your device of choice. It allows you to play against competitors globally. Key companies in the market are Google Stadia, Microsoft xCloud, Sony Playstation Now, Apple Arcade, Shadow, Vortex, Parsec, and Nvidia's GeForce Now.

The concept is that for those who want the best games without paying for expensive hardware, then they can login via an internet service to a cloud games provider for a subscription fee. There is also an acronym 'Gaming as a Service' (GaaS). A key here is many people cannot afford a quality gaming device but want to access top-quality online gaming via their smartphone.

In recent news, Activision Blizzard removed all its games from NVIDIA's GeForce Now cloud gaming service earlier this week. The report said that "the games are likely to return subject to a commercial agreement between the two parties".

Cloud gaming is forecast to take-off



Source

Closing remarks

The gaming world never stands still. The coronavirus may be causing a spike in Chinese gaming, but globally gaming is taking off in many ways. ESports revenues are growing at 25%+ pa with revenues now exceeding US\$1b. Smartphone gaming with games such as the super popular 'Mobile Legends' is growing massively, especially in Asia where many consumers only own a

smartphone. This brings me to the next big thing in gaming, cloud gaming or Gaming as a Service. If it can gain enough scale and competition then subscription prices will fall, and the worlds 3.2 billion plus people who own a smartphone can be possible future subscribers. That number is expected to approach 4 billion by end 2021.