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# Asian Animation, VFX & Games Industry *Strategies, Trends & Opportunities*

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Animation, VFX & Games Market Research

# Asian Animation, VFX & Games Industry

## OVERVIEW

The demand for animation, VFX and gaming in Asia has expanded with the increase in targeted broadcasting hours by cable and satellite TV, availability of low cost internet access, penetration of mobile devices along with the growing popularity of streaming video. In addition, the demand for Animation and VFX content to power immersive experiences such as Augmented Reality and Virtual Reality is growing exponentially. The rapid advancement of technology has made animation, VFX & games available to the masses, and this industry has become one of the fastest growing segments in the global media and entertainment market. We are increasingly seeing more of the global animation, VFX and games production taking place in a globally distributed mode. An emerging trend in the Asian animation industry is the increasing focus towards production of local animation content for television as well as production of animated movies. A number of Asian animation studios are giving importance to owning and protecting animation content by investing in intellectual property protection mechanisms.

## MARKET SIZE

The total value of Asian animation industry was US\$ 52 billion in 2018. Most of the segments in the Asian animation industry are growing at the rate of 2-3 % YoY. In Asia the spend on special effects as a percent of production cost is about 5-10%. In Asia, there is a sharp increase in streaming video consumption. The traditional form of content viewership is giving way to a sharp increase in streaming video consumption. The production cost per animation movie in Asia ranges anywhere between US\$ 3 Million to US\$ 60 Million. The size of Asian video gaming industry was US\$ 30 billion in 2017.

## STRATEGIES, TRENDS, OPPORTUNITIES, GROWTH FACTORS

Global consumers are displaying a growing appetite for engaging, high-definition visual experiences. Moviegoers are demanding high quality productions with engaging visual effects and realistic animation and studios are including more animation and VFX shots into films. Consumers are consuming more immersive content across channels such as ultra-high-definition TVs, tablets and smartphones to head mounted devices. Animation, VFX and games content is being consumed not only on Netflix, Amazon, Hulu and Twitch, but also on YouTube, Twitter and Facebook. With

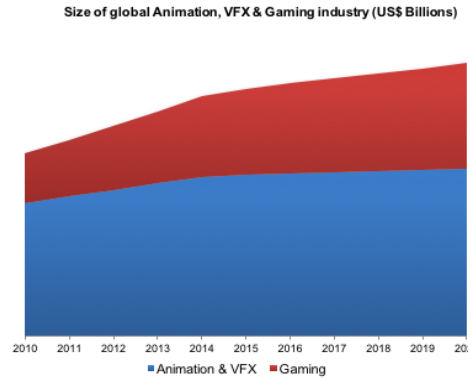
the growing internet penetration and access to multimedia devices, customers are spending more time on streaming digital content. Streaming video is the fastest growing segment distribution channel for animation and is witnessing double digit growth and the same is expected to continue for the next few years. This growth is attributed to the exponential growth in the number of online video viewers throughout the world. Cloud computing is playing a key role in character rendering and modeling processes as cloud based rendering of animation films is more effective and efficient as it reduces the time and cost compared to traditional rendering.

Cloud Gaming services which are growing at an exponential pace would need the right pricing model to both drive adoption and generate sufficient returns for platforms and publishers. The availability of low cost micro-payment systems is allowing users to pay for access or download small quantities of digital content and is the key for online games market to grow. Artificial Intelligence and Machine Learning based techniques are being used for in-game analytics, customer acquisition, retention, cross sell, churn, classify player behavior etc.

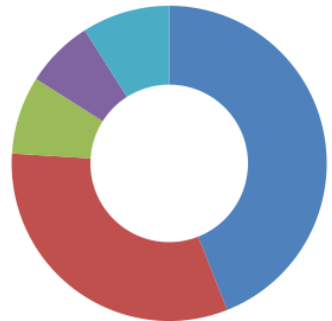
Popular eSports tournaments have rich spectator interactions and immersive fan experiences for in-person and online viewers. Micro-segmentation of fans is emerging as eSports leagues and tournament are consolidating various genres, platforms and viewing experiences by careful customer segmentation, targeting and positioning. China has become a leader in eSports and several tournaments are organized throughout the year with millions participating in both online and offline modes.

# Asian Animation & VFX Industry

- The total value of Asian Animation & VFX industry was US\$ 52 billion
- Most of the segments in the Asian Animation industry are growing at the rate of 2-3% YoY
- The production cost per animation movie in Asia ranges anywhere between US\$ 3 Million to US\$ 60 Million
- In Asia, the spend on special effects as a percent of production cost is about 5-10%
- In Asia there is a sharp increase in streaming video consumption
- Production work is becoming global with tax incentives, regional low labor costs and lower computing costs, which put pressure on companies to reduce costs and set up facilities in tax advantaged or low-cost regions
- Cloud computing is playing a key role in character rendering and modeling processes as cloud based rendering of animation films is more effective and efficient as it reduces the time and cost compared to traditional rendering



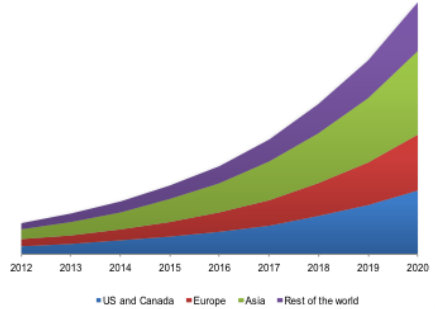
3D animation software market segment and size



# Asian Video Games Industry

- The size of Asian Video Gaming industry was valued at US\$ 30 billion in 2018
- Gaming companies are focusing on Augmented Reality (AR) and Virtual Reality (VR) enabled games
- Cloud Gaming services would need the right pricing model to both drive adoption and generate sufficient returns for platforms and publishers
- The availability of low cost micro-payment systems is allowing users to pay for access or download of small quantities of digital content and is the key online games market to grow
- Artificial Intelligence and Machine Learning based techniques can be used for in-game analytics, customer acquisition, retention, cross sell, churn, classify player behavior, etc.
- The traditional revenue models of video games industry is changing and firms are exploiting competing that they are using alone or in combination
- In the games industry, both the digital and physical distribution channels exist side by side with the share of physical distribution channels expected to shrink in the future

Geographical break-up of Global eSports Industry (US \$ Billion)



Revenue break-down by Game Genres



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## GLOBAL ANIMATION, VFX & GAMES INDUSTRY

- **Single User License: US\$ 8,000**
- **2-5 Users License: US\$ 16,000**
- **Enterprise License: US\$ 32,000**

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