



**Asia Country Spotlight:  
Vietnam**

August 2020

## The Games Market of Vietnam

*Vietnam is one of the fastest growing games markets in Southeast Asia. There is a rapidly developing middle class with purchasing power and disposal income. Vietnam is a market that can both entice and confuse prospective investors. Trends and regulations here diverge from the rest of Southeast Asia. Notably, Vietnam is one of the few countries in Asia where the PC games market size still exceeds that of mobile games. One can glean the future of Vietnam's games industry by watching China. Vietnam shares similar regulatory measures as China, and the market behaves similarly to China, just a few years behind. Further, the Vietnam market is dominated by Chinese video games. This spotlight report explores the Vietnam games market and how it will develop.*

### Macroeconomic Data

In 2019, Vietnam has a population of [96.4 million](#) and a GDP (current US\$) of \$261.9 billion, 6th largest in Southeast Asia. It boasts a high [74%](#) internet penetration rate above the regional average of 65%, with only small-sized Southeast Asian countries namely [Brunei, Singapore, and Malaysia](#) having higher penetration rates. The country's average fixed broadband internet speed, according to 2020 data from Vietnam Internet Network Information Center (VNNIC) is [61.39 Mbps](#), although one won UK's broadband, TV, phone, and mobile provider Cable [measured Vietnam's average broadband speed at 7.02 Mbps](#) in 2019. The smartphone penetration rate is [64.5%](#).

### The dominance of Chinese games

Vietnamese video gaming scene has long been dominated by Chinese developed or Chinese-themed games. Chinese games tend to be so popular because of the historical and cultural similarities between China and Vietnam. Popular stories and themes from China, e.g. the Three Kingdoms and Journey to the West, are also widely known in Vietnam and gamers enjoy games of those themes. Chinese companies accounted for all but 15 of the 293 games that debuted in 2017. Furthermore, in 2020, the [Ministry of Information and Communications](#) released data that showed how China accounts for 69% of massively multiplayer online (MMO) games legally released in the Vietnamese market.

## Mobile games in Vietnam: Strong performance of strategy games and the rise of esports

Chinese games are the mainstay, especially games in the strategy genre. In 2019, 6 of the top 10 grossing mobile games in the country were strategy games. In fact, strategy games are always dominating Vietnam's top 10 grossing mobile games list, with 3-7 top games being from the genre in the last 5 years. Another interesting point is the rise of esports, as shown by how esports games also consistently appearing in the top 10 list. Chinese-developed titles that are showing strong performances in Vietnam include Rise of Kingdoms (Lilith), Arena of Valor/Honor of Kings (Tencent), Laplace (Zilong), and Be The King (Chuang Cool).

**Exhibit 1: Top 10 grossing chart for mobile games in Vietnam, 2019**

Rank	Game	Publisher	Revenue 2019	Genre	Country of Origin
1	Garena Free Fire: Rampage	Garena VN	\$6,182,698	MOBA	Singapore
2	Honor of Kings/Arena of Valor	Tencent 腾讯	\$4,695,594	Battle Royale	China
3	Lords Mobile: Kingdom Wars	IGG 天盟数码	\$3,665,291	Battle Royale	China
4	Call Me Emperor	CHUANG COOL 创酷	\$3,047,242	RPG	China
5	Rise of Kingdoms: Lost Crusade	Lilith Games 莉莉丝	\$3,040,435	Strategy	China
6	PUBG Mobile	Tencent 腾讯	\$2,956,262	Strategy	China
7	Rise of the Kings	ONEMT 龙腾简合	\$2,123,858	Strategy	China
8	Lords Mobile - Gamota	IGG 天盟数码	\$2,025,225	Puzzle	China
9	Idle Heroes - Idle Games	DH Games 卓杭	\$1,091,224	Strategy	China
10	Castle Clash: Guild Royale	IGG 天盟数码	\$965,624	RPG	China

## **Strong performances of PC game revenue, for now**

Vietnam is an anomaly in the region that is dominated by mobile games, with the country's PC game revenue being rough twice the size of its mobile game revenue. Niko Partners estimated that Vietnam's 2019 PC game market revenue was \$477.6 million, while the mobile game market revenue was \$263 million. Examples of PC games that showed strong performances in Vietnam include League of Legends (Riot), Age of Empires II (Ensemble Studios), Kiếm Vũ Giang Hồ 3D/Reign of Assassins (VNG); and Tiểu Ngạo Đại Lục/Swordsman Online (Changwan).

While the country currently boasts higher revenue in the PC game market, mobile games are still an important part of its gaming industry. In fact, Vietnam's mobile game revenue is growing rapidly, with a YoY growth of 50% in 2019 compared to 5.6% growth for PC games. We forecast that mobile game market revenue will overtake PC in 2022. The COVID-19 pandemic might be a catalyst that speeds up the shift, especially with the prolonged closure of internet cafe establishments in response to the health crisis.

## **Regulations**

Vietnam has detailed and stern laws on video games, especially for game developers and publishers. Game licensing freezes, website blocking, and the requirement to host a local server is the obstacles that game companies faced in the country. It is recommended to partner with local publishers or open a branch in Vietnam to ensure games can pass the licensing process. Important regulations to note include, but not limited to:

- Decree # 02/2000/ND-CP about the general requirements for video game companies
- Decree No. 72/2013/ND-CP about guidance on the management, provision, and use of Internet service and online information about online game
- Decree No. 86/2013/ND-CP regarding the business of prize-winning electronic games for foreigners
- Law No. 86/2015/QH13 relating to cyberinformation security, including video games
- Decree No. 27/2018/ND-CP to amend and supplement Decree No 72/2013/ND-CP
- Law No. 24/2018 on Cybersecurity (CSL)

These regulations, as well as others not mentioned in the list, make most of the foreign companies that want to publish their games in Vietnam to seek local partners that understand the system better and can be the bridge between them and the Vietnamese authorities. The Vietnamese government is also well known for their tough stances on illegal games. In 2016, Facebook and Instagram were blocked in Vietnam for 2 weeks as a part of a government-imposed crackdown on social media due to public protests, which also affected Facebook-based games. In 2017, the Vietnamese government requested Google and Apple to remove more than 100 gaming apps in relation to illegal gambling and/or unlicensed gaming app investigations. The Cybersecurity Law, effective since January 1, 2019, also requires foreign entities, including Facebook and Google to store personal data on users in Vietnam and open offices in the country while internet service providers are allowed to prevent and delete published information at authorities' request without court approval.

There has been progress toward easing of regulations. For example, in 2018 the time required to obtain a license for aggregated information websites, social networks, and online games went down. 2018 also saw removal or amendment of several business conditions regarding the provision of online game services, such as the removal of the requirement for an online service provider to have a manager of online game activities with a university degree or higher.

Nonetheless, the main challenge for any companies trying to enter the Vietnamese game market remains to be their regulatory environment. Regulatory issues continue to make Vietnam be more stringent than other countries in the region. For example, Supercell announced in 2019 that due to regulatory issues, it would be pulling its hit game Clash of Clans from the Vietnamese Play and App stores.

### **Opportunities and Challenges**

Amidst the tough regulations, the country market offers great promise for gaming. Vietnam is rapidly becoming a hot destination for the manufacture of PC and mobile hardware as well as game and software development. Many companies, including Sony, Nintendo, Koei Tecmo, and Apple have or plan to open offices or factories to leverage its large labor pool of experienced, lower cost labor. Multiple companies also announced in 2019 that they would [relocate](#) factories from China to Vietnam to start shifting production out of mainland China, perhaps for political reasons. Local companies such as VNG and VTC are also showing positive growth, with each company holding approximately [30%](#) of the local games market.

## Asia Games Market Intelligence: Asia Country Spotlight Report

Esports provides an avenue for new opportunities. Vietnam hosted some of the most prominent esports events in SEA in 2019, most notably the Arena of Valor 2019 World Cup and the 2019 League of Legends Mid-Season Invitational. [According to Appota's Vietnam eSports Guidebook 2019](#), the total value of esports tournament prize pools in the country doubled in just 3 years, from \$390,000 in 2016 to \$787,000 in 2018. Additionally, Vietnam will host the next Southeast Asia Games (SEA Games) in 2021. While esports were not included in the confirmed list of medal sports (it was a medal sport in SEA Games 2019 in the Philippines), multiple organizations including the Asian Esports Federation (AESF) are [lobbying](#) the Vietnamese government to include esports in the event.

As monetization and payments strategies unfold, there will be more opportunity to build revenue for games. While most of Southeast Asia is moving towards cashless payment system through e-money and smartphone-based payments, the Vietnamese market remains highly cash-dependent. [80% of Vietnamese](#) still prefer to use cash for daily transactions according to a 2019 data from the Ministry of Industry and Trade. [Non-cash payment regulation](#) is not yet available in the country, although a pilot project was approved in [June 2020](#). The dependency on cash makes the monetization of games more difficult especially for in-app purchases.

As with all markets, a developer needs to collect market intelligence on the regulations, monetization reality, economics and demographics of the gamer base, and critical knowledge of gamer demand and preferences. We are here to help you pursue this market and all markets in Asia.