

The Evaluation of miHoYo Technology Based on PEST, SWOT and POCD Analysis

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Abstract. In October 2020, a mobile game called Genshin quickly topped the best-selling game charts around the world. As its manufacturer, miHoYo Technology became the focus of newspaper headlines in a trice. Overseas markets have shown huge interest in this fledgling outsider. The purpose of this paper is to objectively analyze the development status of miHoYo, an emerging giant in the ACGN game market. On this basis, three different business models will be used to discuss in detail. At the same time, by comparing the pros and cons of the competition, it would be possible to investigate the suitable prospect for miHoYo while realizing the integration between ACGN and Metaverse industries. According to the concrete analysis with PEST, SWOT and POCD framework, the appropriate experience can be provided for the integration of emerging industries in the future. These results shed light on guiding further exploration of upgrading and integration between the ACGN market.

Keywords: Industrial competition; business analysis; ACGN culture; mobile game market.

1. Introduction

Since the reform and opening up, China's game industry has begun to rise, brewing the early historical forms of home computer time rent, arcade, and stand-alone games, and has gone through the development process from imported products to agents and even self-development. With the advancement of Internet technology and its application, modern mainstream online games came into being and gradually broke out.

In 2009, China's Internet entered a period of rapid development, and the game industry showed step-by-step growth. The demographic dividend brought by the Internet provided the first stage of support for the growth of game users. From 2008 to 2013, the number of game users in China increased from 70 million to 500 million, an increase of 614%. The market size of China's game industry increased from 18.56 billion yuan to 83.17 billion yuan, an increase of 348% [1].

The overall high-speed growth of game users reached its peak in 2013, and the growth of users continued to slow down in the following years, with a growth rate of less than 10%. The dividends of user growth became increasingly difficult to obtain. However, with the rapid development of mainstream we-media platforms, (e.g., TikTok), a well-known product of ByteDance, which provides an effective and convenient launch basis for the release of emerging games, and the rapid dissemination of information flow, the ACGN game market is expected to follow the trend and further expand its market share [1].

Contemporarily, with the introduction of Japanese animation works into China, the ACGN culture has swept across the country, and the scale of the 2D game industry has expanded steadily. In 2020, the actual sales revenue of China's 2D game market was 22.31 billion yuan [1], and the growth slowed down. However, with the gradual improvement of the influence of the ACGN culture, this market is still very potent.

In the current strategic analysis of China's 2D game market, the public vision generally focuses on the basic analysis of the marketing models of various companies. The existing research literature on the ACGN marketing spread proposed by Tang Qing has illustrated the effective method of SWOT analysis [2]. In the following two research articles, scholars discussed the traditional culture and animation rendering levels behind the game, which supplemented the lack of literature and aesthetics behind the game industry [3, 4]. Based on the previous research content, the discussion on the domestic ACGN game market is slowly changing to a more macro level. In 2021, the article from

Shen Yu proposed a feasibility reference for the overseas strategy of local game companies [5]. However, in fact, there are many differences in the current domestic evaluation of the existing prospects of the ACGN game industry. The problem that needs to be solved is the paradox of industrial trends. In other words, the future orientation of the ACGN market would be heavily influenced by the fluctuation that saturation and penetration would bring, so the objective prediction is required in the study. The discussion of these issues is of great significance to the research on the diversification and development direction of Chinese local games.

This paper hopes to make a more comprehensive strategic analysis of miHoYo (a domestic ACGN company) combined with the series of PEST, SWOT, and POCD models, and appropriately discuss the risk threat of miHoYo in the current development mode. In the end, this paper will put forward a reasonable forecast for the future development of the company through the current situation in the game market.

2. Basic description of miHoYo

miHoYo Technology (Shanghai) Co., Ltd is an Internet culture enterprise that takes Animation, Comics, Games, Novels, and other products as the carrier. Founded in 2012, its business is mainly focused on mobile games, comics, and other fields under the domestic animation culture. As a game developer, miHoYo has successively launched flagship products, i.e., "HOUKAI" series. The game is widely loved by users and has successfully created China's well-known original domestic game animation IP 'HOUKAI' series with games, comic animation, peripheral and other fields. In 2019, the company publicly proposed to release the two-dimensional open-world adventure game "Genshin", focusing on the domestic two-dimensional ARPG segment market and carrying out more exploration and application in the technical field. After the official launch of "Genshin" in 2020, it quickly became a hit with excellent global performance and was treated as another top global IP created by domestic game manufacturers. According to the published data from App Annie, in April 2021, miHoYo ranked fourth in the list of overseas revenue among Chinese game manufacturers [6].

3. Environment analysis (PEST)

PEST model is widely used to analyze the macro environment that has an impact on organizations or industries. It checks the politics, economy, social and technological factors in the external environment. This part will discuss the current situation of the ACGN market in combination with four factors.

3.1 Politics

In recent years, the national policy has accelerated the guidance and support for local original animation and IP products, and China's ACGN game market is improving as a whole.

3.1.1 Support original animation

In China, Ministry of Culture promotes the publicity and popularization of original animation and comics, leads game technology companies to create animation products with national characteristics, and continues to accelerate the value transmission of mobile animation and game products.

3.1.2 Strengthen legal protection

Since 2008, China has strengthened the supervision of game copyright, striving to make the publishing process of games transparent. This policy has constantly improved the legal protection of original design concepts, especially after the country released the restricted document of the game version number, all game development, and design needs to be subject to copyright review.

3.2 Economy

According to the statistical data for 2020 shown in Fig. 1, the national consumption of education accounted for 9.6%, and the per capita expenditure reached 2023yuan, covering the economic expenditure of the ACGN industry [7].

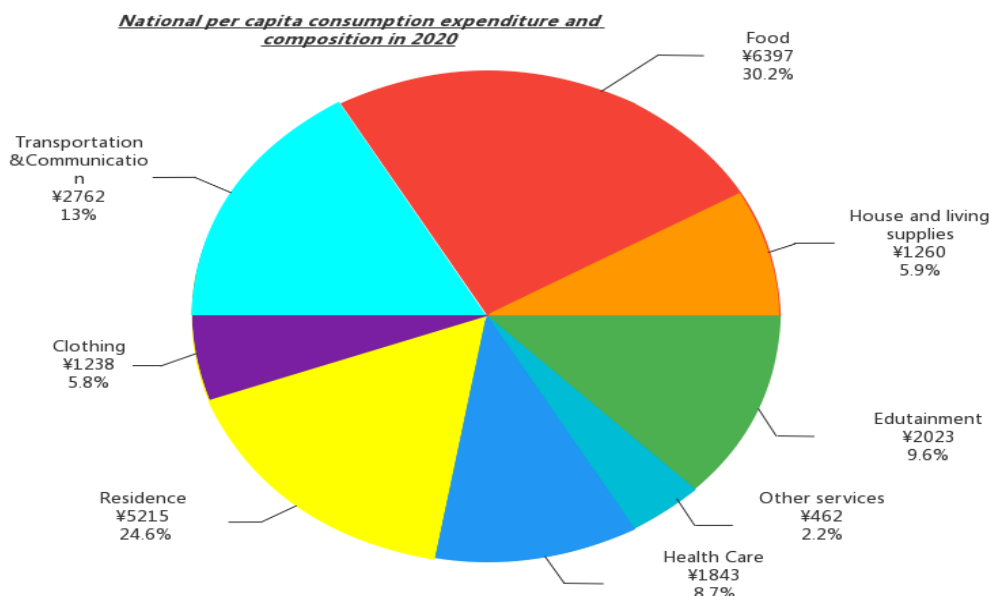


Fig. 1 National Per Capita Consumption Expenditure and Composition in 2020.

3.3 Social

In January 2020, COVID-19 swept the world. The outbreak of a pandemic has accelerated the explosive growth of Internet users in China, with a larger customer composition and wider usage range. Mobile Internet users were extended to double ends. One of the most significant changes is that minors and the elderly, who used to be involved in the Internet less, have had their online hours prolonged. Minors mainly carried out online learning and completed online homework during the epidemic period. The elderly group had to switch their entertainment from outside to home because of the regulations for COVID-19. The rapid rise in usage has led people to shift their focus to the Internet, meanwhile, the relevant industries have gradually become a hot spot of consumption [8].

3.4 Technology

With the continuous development of artificial intelligence technology, mature AI idols and characteristic products have been coming out, showing the human ability to control technology in this field. Meta-universe is a rising concept and a technological singularity born under the background of the development of AI technology. At present, the concept of a meta-universe has aroused extensive discussion. It provides an immersive experience based on extended reality technology, closely integrates the virtual world with the real world in the economic system, social system, and identity system. Besides, metaverse afford each user to produce content and edit the world. So far, more and more technology game companies try to integrate meta-universe with game design and strive to create a virtual parallel world belonging to the ACGN meta-game market [9].

4. POCD & Competition analysis based on SWOT framework

In this section, the POCD model from Harvard Business School will be used first to analyze the current situation and industry, and then focus on the advantages and disadvantages of miHoYo in the development process through the traditional SWOT analysis method. It is hoped that the application of these two models can have a clearer grasp of the future development direction of miHoYo.

4.1 POCD analysis

POCD model was summarized into the knowledge system of Harvard Business School in 1996, and enterprises are divided into four aspects: people, opportunity, context, and deal for systematic risk analysis[10]. In this part, this study will evaluate miHoYo's strengths and weaknesses by applying the POCD Framework. Among them, the opportunity part of this model will focus on competition analysis according to their flagship product, i.e., 'Genshin'. However, due to the incomplete information disclosure of unlisted companies, the Deal part will be skipped this time.

4.1.1 People

This study will discuss three key issues here, basically around Founders, milestones and their own experiences. Talking about our three co-founders, who are classmates from Shanghai Jiao Tong University, it's hard to ignore their different personalities. Cai Haoyu is sharp, capable, and has a special intuition for business. He is responsible for the business realization of miHoYo; Liu Wei, compared with the other two, is much more enthusiastic and outgoing, so he has become a spokesman for miHoYo to contact social media. Product launches, industry conferences, and reporter interviews became his main fields, our third co-founder, Luo Yuhao is quite mysterious and rarely appears in public. As an expert in engineering, he is born to be a product manager and likes to do game planning.

It can be easily seemed that the three founders are skilled in diverse territories. On the one hand, this makes the whole team very comprehensive, but at the same time, it also leads to the different thinking angles of the three people in the decision-making of the company. Conflicts sometimes happen, but the long-term classmate relationship makes them also respect each other's ideas. The three people have the same love for ACG culture. Such an ideal and belief enables them to understand and learn from each other in the quarrel, so as to really make continuous efforts to promote the pattern of China's game market.

For people's part, the three founders major in Electronic Engineering in the University, need to have knowledge reserves in many aspects such as IoT and electronic information and have strong technical inclusiveness, which undoubtedly widens the possibility of the company's future development in many fields. Since their freshman year, the three of them have taken the two-dimensional game as an entrepreneurial project for college students. The high-quality design concept has enabled them to harvest the entrepreneurial funds issued by the school, which has also strengthened their determination. From 2012 to 2022, ten years of in-depth understanding and research in the field of quadratic elements have led them to successively develop a series of mobile games such as Houkai impact and Genshin, which have won widespread support, laying the proper control of miHoYo's core team over the current game track.

Up to now, miHoYo has shown their reasonable control over the 2D game industry and the leadership team's in-depth understanding of the commercial track. The phased success proves that the miHoYo has the driving force for sustainable development. As the founder, they have proven to possess advanced industry thinking and excellent R & D capabilities.

4.1.2 Opportunity

The opportunity part will basically around the following aspects, and the calculation about cash flow will be skipped this time, because of the lack of information on the unlisted company. As for value proposition, IP game design with traditional cultural appeal as the core target customer, Young mobile game enthusiasts under the age of 24 (the proportion of female in Europe and the United States is significantly higher)

For the opportunity part, it is not difficult for us to see that the value proposition presented by miHoYo mainly focuses on the re-innovation of Chinese traditional culture, and hopes to bring appreciation value to the audience from the story and history behind the two-dimensional game. Meanwhile, according to the feedback shown by the user background survey, this game containing national culture has been highly praised overseas. European and American audiences will pay special attention to Chinese elements such as Peking Opera and ink painting, to attract more attention on social media. Up to now, miHoYo is still expanding its IP chain and integrating traditional cultural

content with different characteristics in different countries through the continuous addition of new original characters. Combined with the company's mature animation rendering technology and huge cost investment, miHoYo hopes to bring a cultural orientation different from other purely competitive games to customers.

The customers of miHoYo are young players under the age of 24, of which the overseas market accounts for more than 50% (mostly female users), and they show great interest in Asian aesthetics. Given such characteristics, the miHoYo has carried out the layout of the game planning strategy from two aspects. First, they strictly guarantee the data update every six weeks and ensure the freshness of the game for young audiences through the addition of content and details. Second, owing to the huge customer size in the overseas market, miHoYo has focused on the story of traditional culture and the shaping of Asian cute characters (to create aesthetic conflict and keep freshness), ink painting rendering, bushido spirit, Asian character facial modeling and a large number of dubbing actors with personal characteristics, which together constitute those charming IP roles. Since miHoYo is a non-listed company, the overall size can't be compared with the mature game giants. Therefore, this research will take the representative works of the three-game companies for comparison as shown in Table.1, hoping to reveal the competitive advantages of miHoYo.

Table 1. Competitive Analysis on Flagship Products

Company	Nintendo	Mihoyo	Tencent
PRODUCT	ZELDA	Genshin	Dragon Raja
STYLE	ARPG	ARPG	RPG
PROFIT MODEL	Purchase (¥350)	Free /GACHA	VIP subscription
CUSTOMER TERMINAL	SWITCH only	Mobile/PS/PC	Mobile only
NET INCOME	\$164m (April,2017)	\$245m (OCTOBER,2020)	\$485M (March,2020)

Taking the Genshin, a special product of miHoYo, for example, which aims at the 2D game track, and Nintendo, a big game manufacturer, also has an ARPG style masterpiece, Zelda. Both of them are independent works with the free and open world as the core theme, but they are very different in terms of profit model and distribution platform. Zelda, as a game work independently designed by Nintendo, is only for players to play for life after purchase on the switch platform. However, it should be noted that if someone have never been exposed to Nintendo's games before, one needs to spend \$560 to buy the switch device first, and then pay \$49.99 to buy Zelda for the experience. As a multi-platform game, Genshin not only solves the additional cost input of players for the device but also quickly divides up game players who are looking forward to Zelda but are still hesitant about the price.

Let's introduce Dragon Raja, the third game, to further discuss the differences in the current charging system of quadratic games. GR released by Tencent game company can also be downloaded and played for free on the mobile terminal, but its profit model requires a monthly subscription to VIP accounts with different prices to ensure the smooth progress of the game. For players, Genshin provides the lowest cost and the richest game experience. Hence the question is, how can the Genshin and miHoYo make profits through this freeway, i.e., Gacha card drawing system.

Nowadays, there are roughly two kinds of Genshin players. One is pure free players, who want to experience is the animation rendering and cultural content of the Genshin. The other is recharged players who have great enthusiasm for the second dimension and hope to have a large number of card characters. They love the character stories created by miHoYo and are willing to pay for them.

In Genshin, the only way to get a card character is Gacha, i.e., the Gashapon machine draws cards. Players buy the number of draws and get characters through random probability. This mode well balances the psychology of players with two consumption characteristics. Free players can draw a small number of cards by doing tasks, but also have the opportunity to obtain character cards, while recharging will exchange money for more character cards, thus bringing revenue to the game itself.

According to the comparison of the revenue in the first month of the game release, Gacha revenue model not only attracted a large number of free or paid players but also maintained a stable source of

funds in the process of players' long-term play. Subsequently, such a competitive scheme that quickly cut Nintendo's market share proved to be still feasible.

4.1.3 Context

Before explaining the impact of context on the industry and miHoYo, an interesting business concept should be quoted in S-curve. It divides the industry's development cycle into four stages. It is assumed that the growth rate of products will change with the change in market saturation in different periods. On this basis, this paper seems to be able to better understand the reasons for miHoYo's past financial difficulties.

In the early stage of entrepreneurship, miHoYo was still the college student start-up project. As one of the partners, Liu Wei once participated in entrepreneurial programs similar to SHARK TANK with the concept of a two-dimensional game. However, at that time, China's two-dimensional industry was not widely concerned in 2010, and it was just in the stage of emerging. In the view of experienced VC investors, this concept was just a fairy tale, and no customers would be willing to spend money in this industry. Or more bluntly, VC investors are not optimistic about the animation-related industry. They believe that both consumption capacity and market prospects are unclear, and they are not willing to bet on these college students. This is why miHoYo only got a total of 1 million yuan of start-up investment from the angel round.

Nevertheless, in the past decade, miHoYo's Game track has developed rapidly, with explosive growth in the total number of customers and consumer behavior. Nowadays, with the addition of domestic consumption upgrading the business model, the 2D economy is bursting out with strong commodity power and consumption power. The IResearch consulting research report said that by 2020, the number of domestic ACGN players was 420 million, and the actual sales revenue of the 2D game market was 22.31 billion yuan. It is estimated that in 2023, the number of 2D players will reach 500 million, and people will be actively or passively "involved" in the 2D economy [11].

Age distribution of mobile game users in China

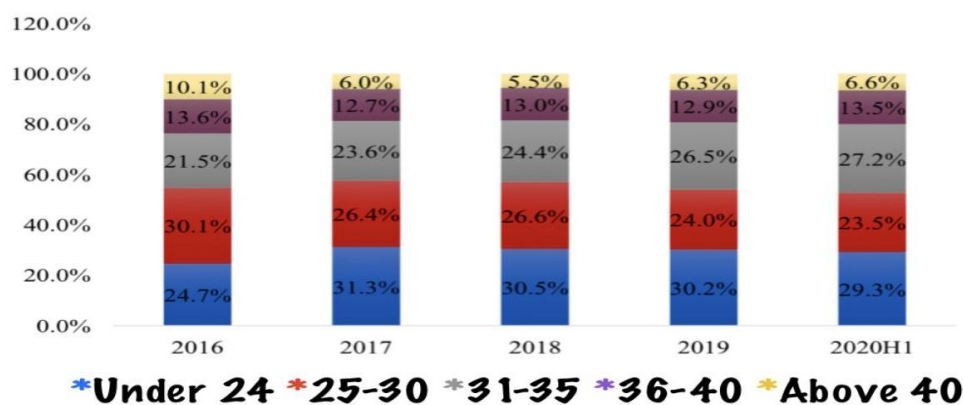
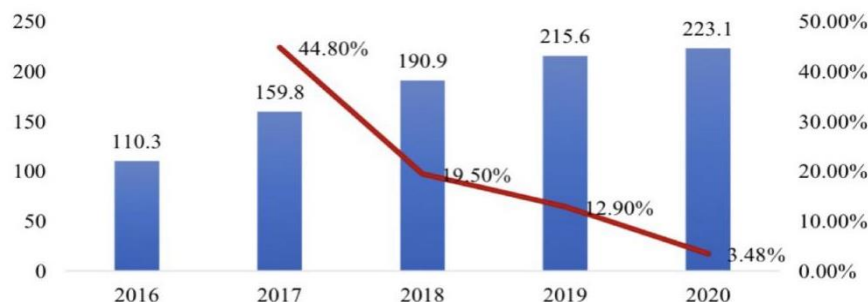


Fig. 2 Age Distribution of Mobile Game Users in China.

As shown in Fig. 2, in the mobile game market, users under the age of 24 account for 30%, while users under the age of 30 account for nearly 50%. App Annie mentioned in the analysis of user characteristics and preferences that the "Z-Generation" born between 1995 and 2009 is the main part of the two-dimensional mobile game players, and their probability of playing the open world two-dimensional mobile game is 3.1 times higher. [6]"Z-Generation" is also known as the "Internet generation". They were born in a popular Internet environment and seamlessly connected to the network information age. The network subculture, including the ACGN culture, has a great impact on them, so they are more likely to become users of these ACGN mobile games.

Actual sales revenue and growth rate of China's ACGN game market

***Actual sales revenue in ACGN market (\$ 100m) *Growth rate**

Fig. 3 Actual Sales Revenue and Growth Rate of China's Animation Game Market.

According to the ACGN market sales revenue from 2016 to 2020 depicted in Fig. 3, the industry as a whole is still in the stage of steady growth. However, the growth rate has slowed down significantly, indicating that the 2D game market will gradually become saturated in China. The path to promote industrial transformation and upgrading has become a top priority for miHoYo and other leading enterprises.

At this time, the study might as well make a preliminary prediction of miHoYo's future market and company strategy in combination with the second S-curve. The second principle of the S-curve is that when the growth of the old kinetic energy is sluggish, the new kinetic energy will suddenly emerge, thus driving the transformation and upgrading of the industry. Regarding the 2D game design sector, which is gradually saturated in the market, as an old technology. It has experienced a decade of market exploration from 2010 to 2020. As of September 2020, the number of leading games with cash flow of more than 100 million in the year of release has increased from 26 to 46.

The single market of two-dimensional games is gradually changing from the growth stage to the mature stage. In the face of such crises and doubts, miHoYo timely introduced the new concept of the metaverse. In October 2020, it established its metaverse brand HOYOVERSE and laid out the independent research and development of cutting-edge technologies such as AI and brain-computer excuses. In terms of AI, miHoYo has now released artificial desktop Lumina and has become a relatively mature AI game product. In terms of brain-computer excuses, miHoYo cooperates with Ruijin Hospital Affiliated to Shanghai Jiaotong University to establish a brain disease center laboratory, which is committed to the direct transmission of the human brain and network virtual world. At present, the concept of meta-universe is constantly heated, which seems to bring the next industrial wave, but in fact, various studies are still in the theoretical stage, and whether it can become a hot topic still needs time to witness.

In any case, the current stage is not only the growth stage of the 2D game industry, but also the emerging stage of the metaverse. Most technology companies are only selling the content of metaverse concepts, and miHoYo has long established an independent research and development team to explore and master core technology. It would be better to maintain a positive attitude towards the future development of the company and always pay attention to the industry trends.

4.2 SWOT

The SWOT framework, first put forward by Heinz Weihrich, provides a good reference for the integrated analysis of the company. Based on this model, the relevant information on miHoYo can be divided into the following points as provided in Fig.4. The specific environmental analysis has been summarized in the POCD model. Hence, this sector will focus on discussing the strengths, weaknesses and threats of the company in its development, hoping to supplement the analysis of the POCD model from multiple perspectives.

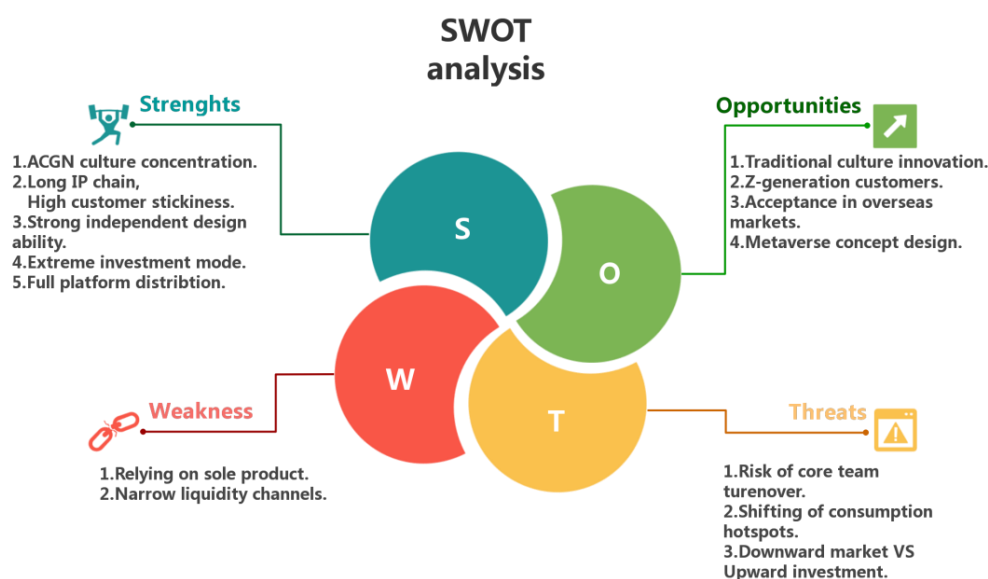


Fig. 4 SWOT Analysis based on miHoYo Technology.

4.2.1 Competitive strength

The culture concentration of the company is the ACGN culture. From the grassroots staff to the senior management team, most employees of the company are both creators and consumers of the ACGN culture. The average age of the company's employees is 28 years old, of which employees under the age of 30 account for 77.60% of the company's total employees. The team is very dynamic and easy to accept new things.

miHoYo Technology attaches importance to employees' identification with the ACGN culture for the following reasons. First, employees will be willing to devote more enthusiasm and energy to the culture they love, allowing for greater creativity in their work. Second, employees will be able to deeply understand the feelings of users, allowing them to create excellent works that better meet the needs of 2D game users. The long IP chain is one of the most effective weapons for miHoYo Technology. From 2011 to 2022, miHoYo has taken 11 years for their character design. And the mature IP and story background of miHoYo's game world has been outstanding.

According to the rules of the industry, the audience aggregation effect of successful IP can provide a user base for new products. In September 2016, this company launched the mobile game "HOUKAI 3". The number of new accounts in the first month of the public beta of the product exceeded 5 million, and the game flow exceeded 100 million yuan. The huge user group and a large number of core fans under their IP chain will become a strong guarantee for the success of other products of the company in the future.

After years of development, miHoYo has developed a large number of mobile game technologies and accumulated a series of core technologies such as "PostFX", "AnimeFX", "3D animation layered coloring technology", and "s-expr based data-driven logic technology." The company's core technology makes the company's products in the industry-leading position in image rendering, data processing speed and system architecture design.

At the same time, the virtual idol track has launched two AI products to master the core R & D technology which are difficult to be imitated by other enterprises. Meanwhile, miHoYo chose an exclusive investment mode in game design. The preliminary design cost of US \$100 million makes it impossible for small enterprises to invest. Besides, Large enterprises (e.g., Tencent) are more focused on the purchase and distribution of games, and will not invest a lot of resources in the production of a single game. On similar mobile ARPG game, miHoYo has become a unicorn-like existence in the 2D gaming industry, which is excelling in the quality of animation rendering and plot.

Finally, as the research mentioned before, the full platform distribution mode affords players no threshold for play experience. All the games released by miHoYo company support mobile, PC, PS,

and other full network platforms. They are not limited by hosts or devices, and can realize multi-platform interoperability and data migration, ensuring the diversity of customer composition.

4.2.2 Competitive weakness & Threat

There is one severe problem that has disturbed miHoYo for years. During the researching period, the main sources of the company's revenue were mobile game products "HOUKAI" and "GENSHIN", which accounted for 98.82% of the operating revenue. The main reason why the company's revenue is concentrated on a few products is that the company has a short development time (less than 8 years) and mainly focuses on the single IP concept derived from HOUKAI. As for operation, in the short term, HOUKAI and GENSIN will still contribute most of the company's revenue. If the company cannot continuously launch new products that meet the needs of players, or update the existing game content in time, the company may face problems such as the decline of game playability and the loss of users, which will adversely affect the company's future business performance.

miHoYo Technology, at the same time, should not ignore the risk of core team turnover. The IoT industry, in which the company is located has rapid technological upgrading and user preferences. In the past few years of development, the company has gradually changed from a relatively single mobile game business to the original IP generic entertainment industry chain business. Meanwhile, the company's business scale is also expanding.

The main reason for the success of the company's products is the unique understanding of the ACGN. Since its establishment in 2012, the core team of the company has always been composed of a group of young members who are enterprising, love the ACGN culture, and focus on product quality. If the company cannot continue to establish and maintain an effective talent incentive mechanism in the future, it may affect the enthusiasm and creativity of core management and technical talents, and even affect the stability of the management team, R & D team, and operation team. Specifically, the instability of the core team may cause the company to lose its unique competitiveness, affect the product quality of the company, and thus adversely affect the performance of the company.

The actual method of expanding liquidity channels is the third point miHoYo need to be care. At present, the company's main source of cash flow is to develop and operate mobile games, but with the increasingly fierce competition in the industry, the dividends in the mobile game industry will gradually decrease. The number of products in the ACGN subdivision field of the mobile game market is also gradually increasing, and many industry competitors are paying more and more attention to the mobile game market. If the company cannot actively expand the cash flow channel to other areas of the ACGN culture industry chain, or if the company cannot implement its concept of creating and operating an original ACGN culture company, the company's future performance may fluctuate adversely.

Last but not least, the current growth rate of the ACGN related game market is gradually slowing down, and the domestic animation industry is close to saturation. Market activity has weakened. According to the disclosed information, the net profit of miHoYo in 2020 was 5.779 billion yuan, while its research investment in the field of meta verse was as high as about 1 billion yuan, accounting for nearly 17.3% [12]. Although metaverse is becoming a hot topic in the current industry transformation, it is difficult to make a breakthrough in the short term because the research field is too broad. Therefore, the most intuitive problem for miHoYo is how to maintain its high-speed revenue in the face of the gradually mature 2D game market to support the huge research and investment costs of the metaverse sector. It should be taken into considered that the lifespan in ACGN industry might not be prolonged while the actual research output in Metaverse require 10 years more or less.

5. Suggestions

Based on the previous series of model analyses, the strategy selection of miHoYo in the future seems to be more and more clear. One can see from Fig. 5 that 2030 is a watershed for transformation and upgrading. The 2020-2030 stage is divided into the construction of miHoYo's business territory,

and the 2030-2050 stage is a breakthrough stage for miHoYo to integrate various industrial technologies and truly create a dedicated virtual reality. Specifically, the goal of miHoYo can be further explained as:

As for Short-term strategies, beginning to lay the IP chain horizontally in 2020, it expands the characteristic character images in different world backgrounds and game styles, and enriches the personalized content of the company. At the same time, it began to develop autonomous brain-computer interface technology. By 2025, the circular development of the IP ecological chain will be completed, and the accumulation of loyal fans of miHoYo will be accomplished. By 2030, it will achieve the preliminary output of the brain-computer interface, and provide an effective channel for entering the virtual world.

Regarding long-term strategies, combining content innovation, field innovation, as well as the style innovation to ensure the company's leading position in the ACGN game market. At the same time, they should take good care in risk management, always pay attention to the development trend of the ACGN market, ensure healthy revenue, and reasonably allocate the proportion of income and external investment. After 2030, it will draw the net of external investment and truly create a virtual world in which miHoYo can accommodate one billion people.

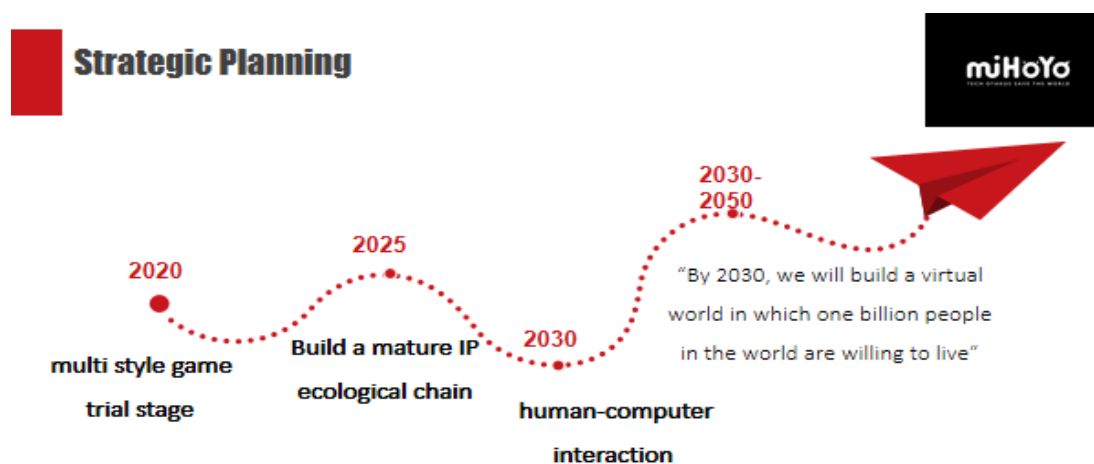


Fig. 5 Strategic Planning of miHoYo in Following Years.

6. Limitations & Future outlooks

This paper focuses on the detailed analysis of the company's internal development strategy, and the prediction of the external environment stays in the general direction stage. It will take time to witness whether the research on Metaverse can make some breakthroughs. Owing to miHoYo's current strategy of giving up listing, there will be a lack of data in financial analysis. To avoid ambiguity and subjective speculation caused by the lack of data, this paper skipped the company's detailed financial statement research.

Nevertheless, at present, China and many countries in the world are looking at the research of emerging industries in the Metaverse, which is a irreversible trend. Hoping to continue to supplement the current research process of this paper when this concept of the virtual world can be proven effective in the future, discuss in depth the secondary integration of meta-universe technology and ACGN cultural industry, and draw a reasonable analysis of future industrial status quo.

7. Summary

To sum up, this paper makes a detailed analysis of the development status of miHoYo Technology in combination with three mature business models. Due to its absolute leading edge in independent innovation and user stickiness, it ensures the objective possibility of its development in the future concept of Metaverse. Given the current rapid development of animation-related technology, users

have higher and higher requirements for the image quality and content of game products. The future integration of the ACGN industry and Metaverse virtual reality technology has also become an effective solution to alleviate the current gradually saturated market share.

The main contribution of this paper is to synthesize the analysis of current representative ACGN enterprises and put forward feasible methods for their sustainable survival in a competitive environment. This is conducive to providing reasonable suggestions for the future transformation and upgrading of the ACGN industry, and guiding current industry participants to strengthen the sustainable development of emerging technologies such as Metaverse.

It is hoped that in the next few years after virtual reality technology has made some breakthroughs, the research and expansion of this thesis can be deep into integration between these two industries. Besides, further investigation ought to focus on striving to further refine the content discussion of ACGN's future development strategy and industrial environment. Overall, these results offer a guideline for industry analysis in ACGN market.

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