



March 20-24, 2023
San Francisco, CA

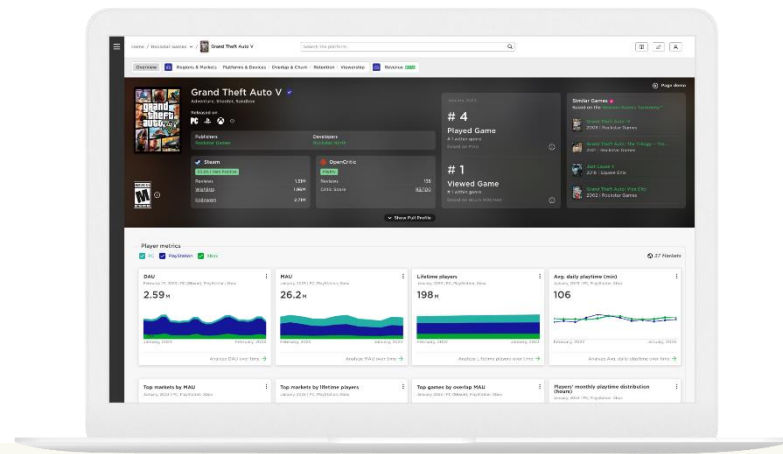
The State of the Games Industry in 2023 and Beyond



Jay Uppal

Game Development & Publishing Consultant at Newzoo

#GDC23



The Newzoo Platform

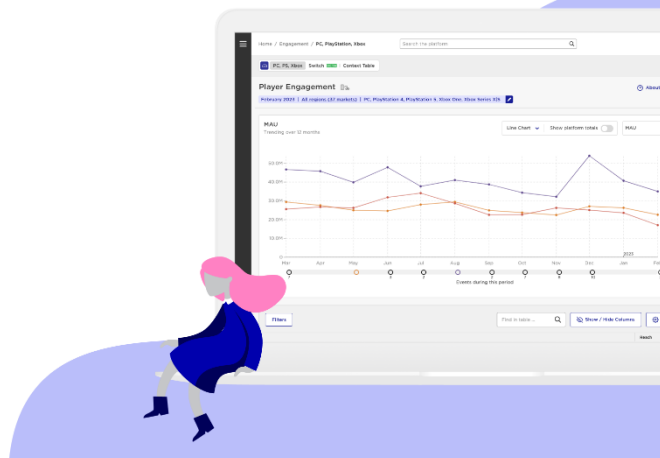
The entire games market, at your fingertips

Know the Games



Game Performance Monitor

Title-level engagement and revenue data.



Know the Gamers



Global Gamer Study

The largest global gamer research study.



Game Health Tracker

Brand health and Purchase funnel data.



Know the Games Market



Market Reports & Forecasts

Global games market sizing, forecasts, and trends.



+ Custom gamer research, designed just for you

+ Consulting & analyst services



Jay Uppal

miri 

UA Manager



Data & Marketing Lead

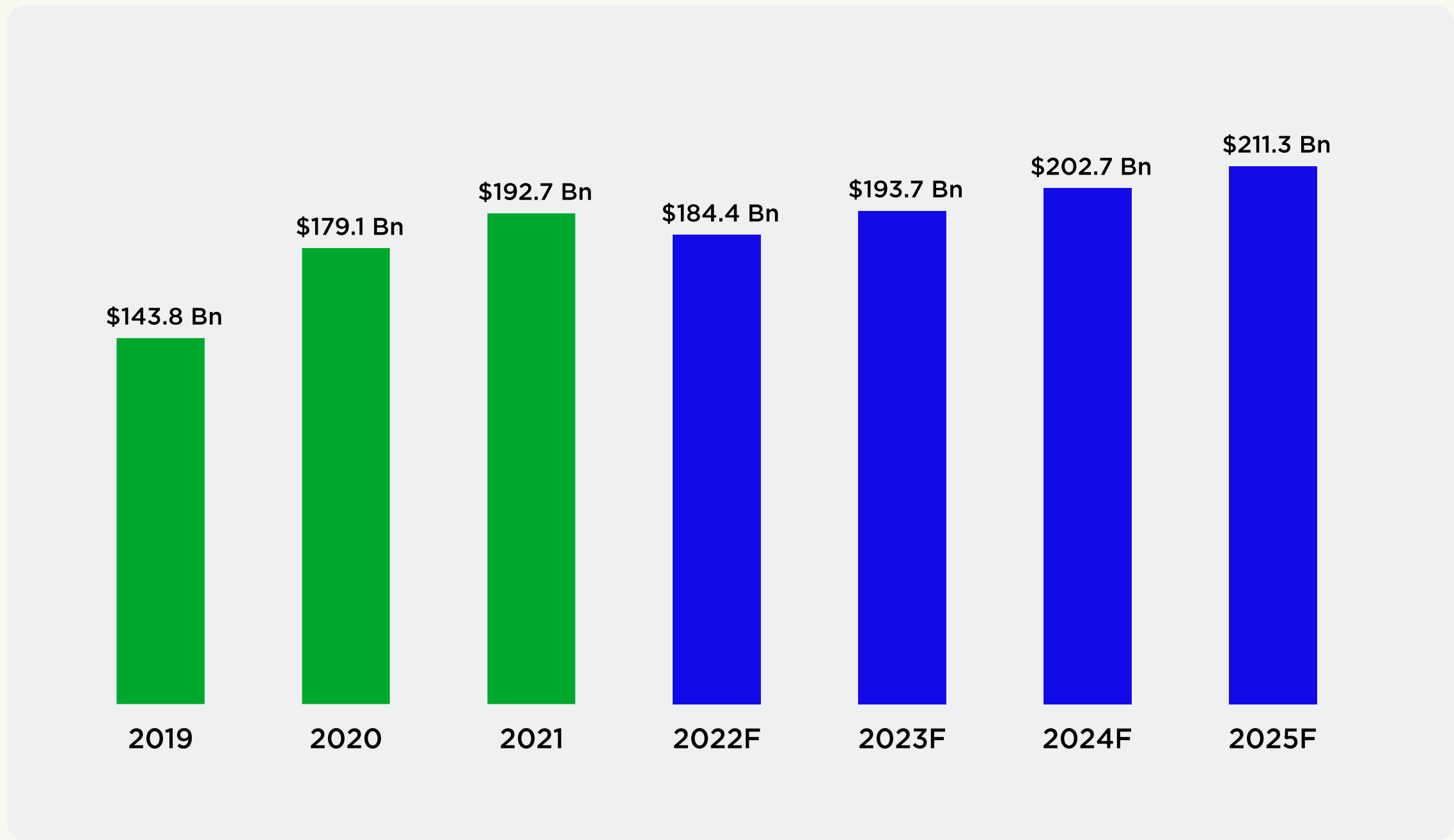


Game Development & Publishing Consultant

Today's Topics

- 1 The Global Games Market in Numbers
- 2 Key Market and Industry Trends

Global Games Market Revenue Forecast toward 2025

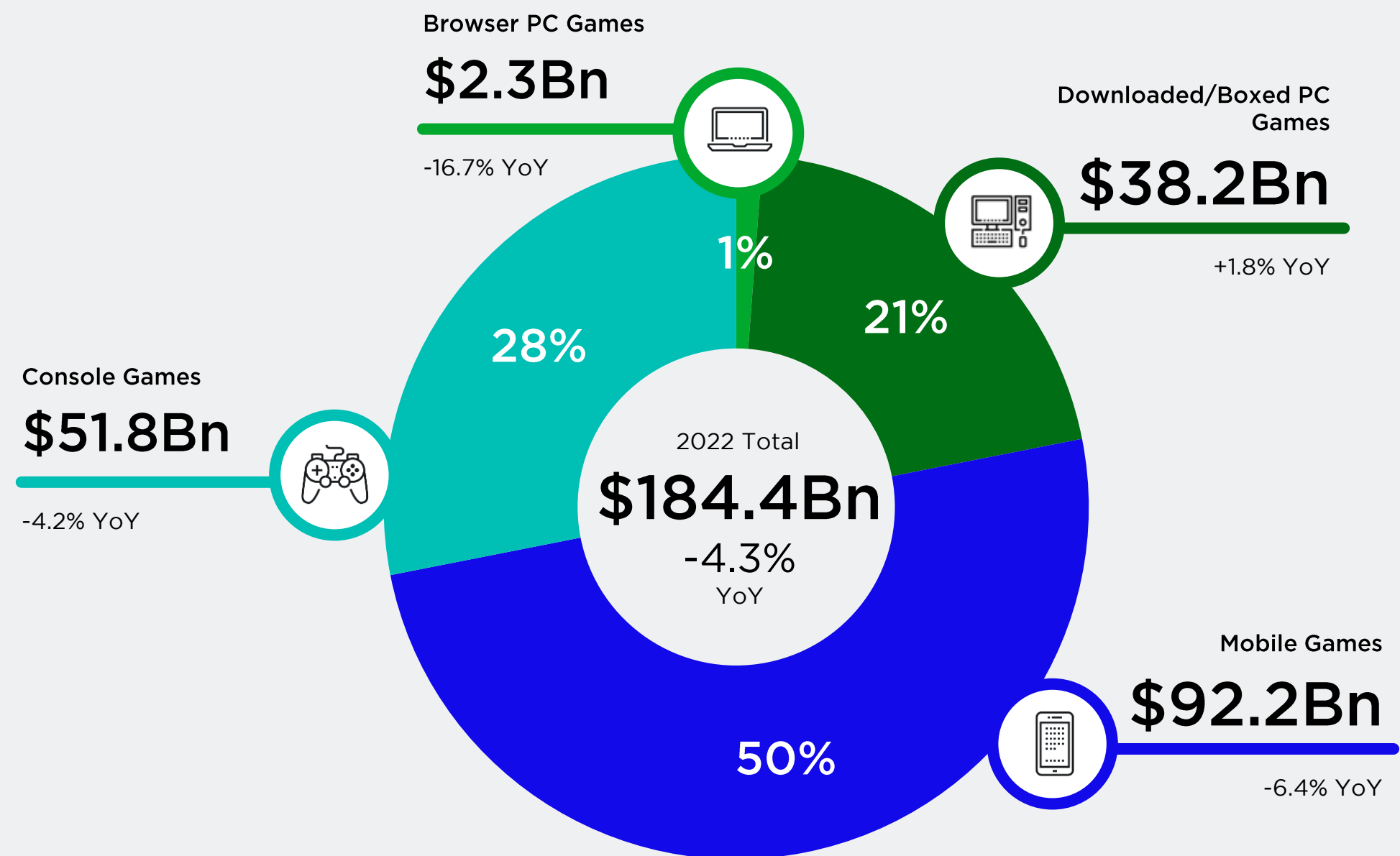


Lockdown years
+15.8%
Total Market CAGR
2019 - 2021

Post-pandemic years
+4.7%
Total Market CAGR
2022 - 2025

Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport

Global Games Market Revenues per Segment in 2022

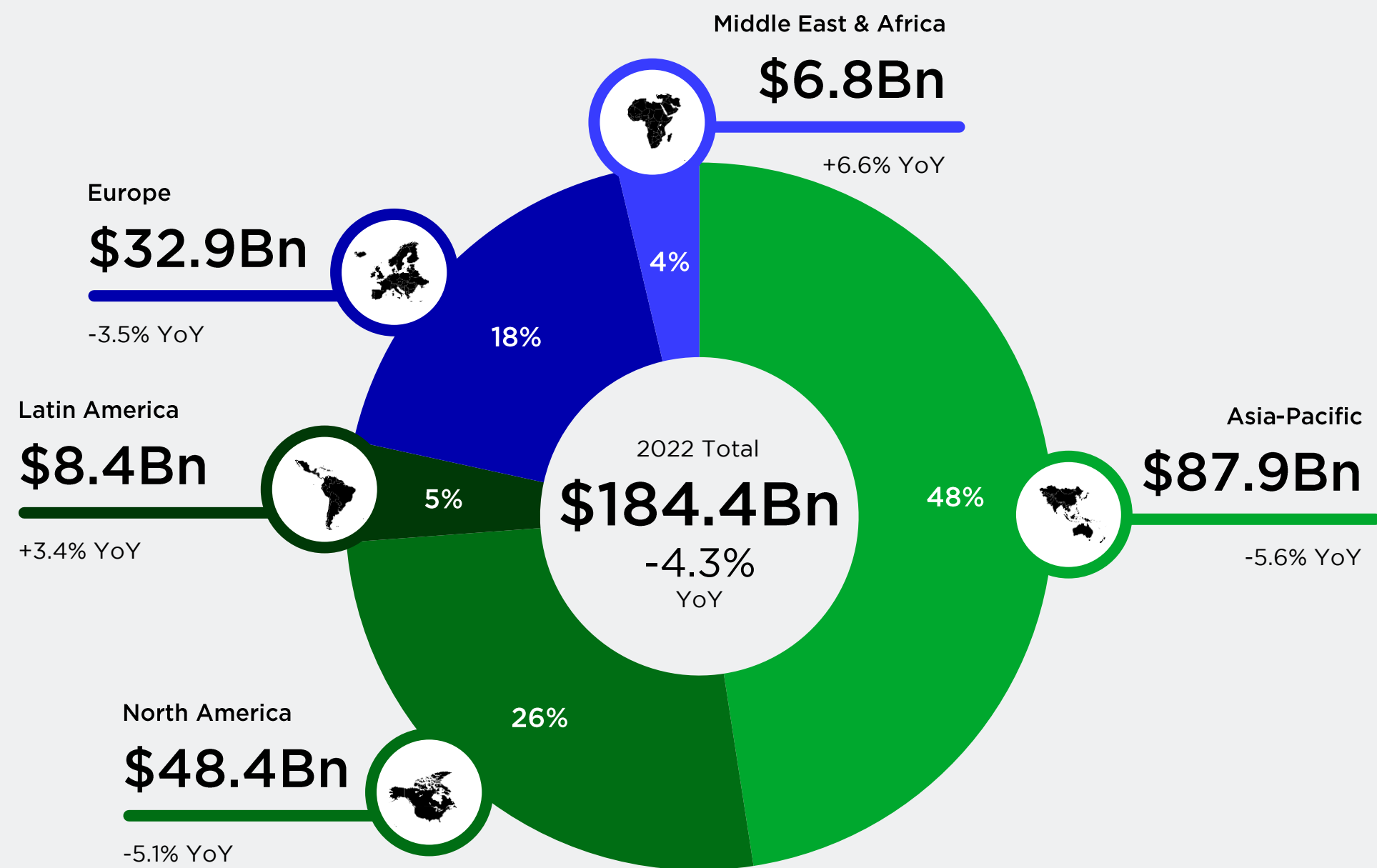


\$92.2Bn

Mobile game revenues in 2022 will account for 50% of the global market

Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport

Global Games Market Revenues per Region in 2022



49%

of all consumer spending on games in 2022 will come from China and the U.S.



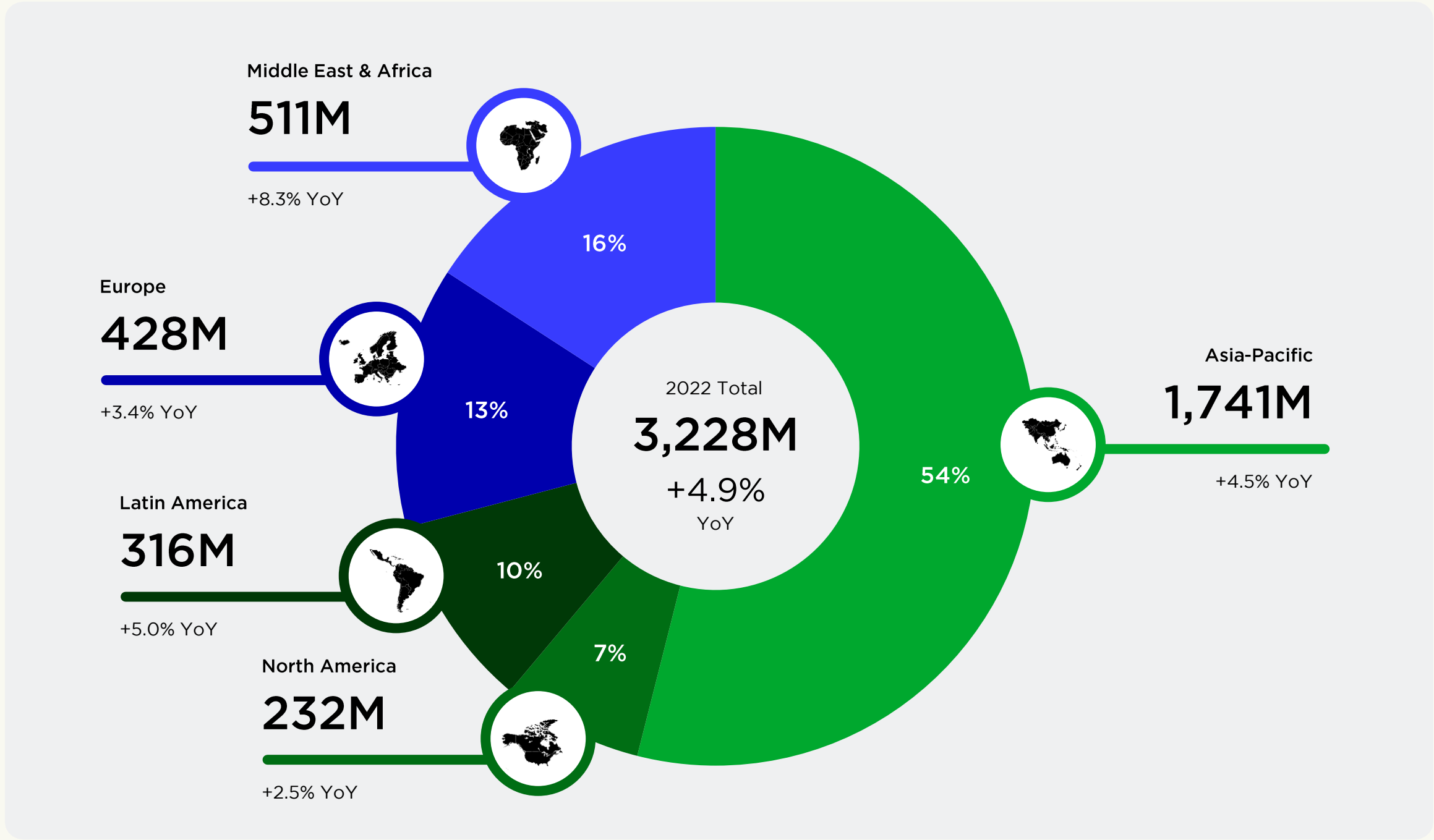
China Total
\$45.8Bn



U.S. Total
\$45.0Bn

Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport

Global Players per Region in 2022



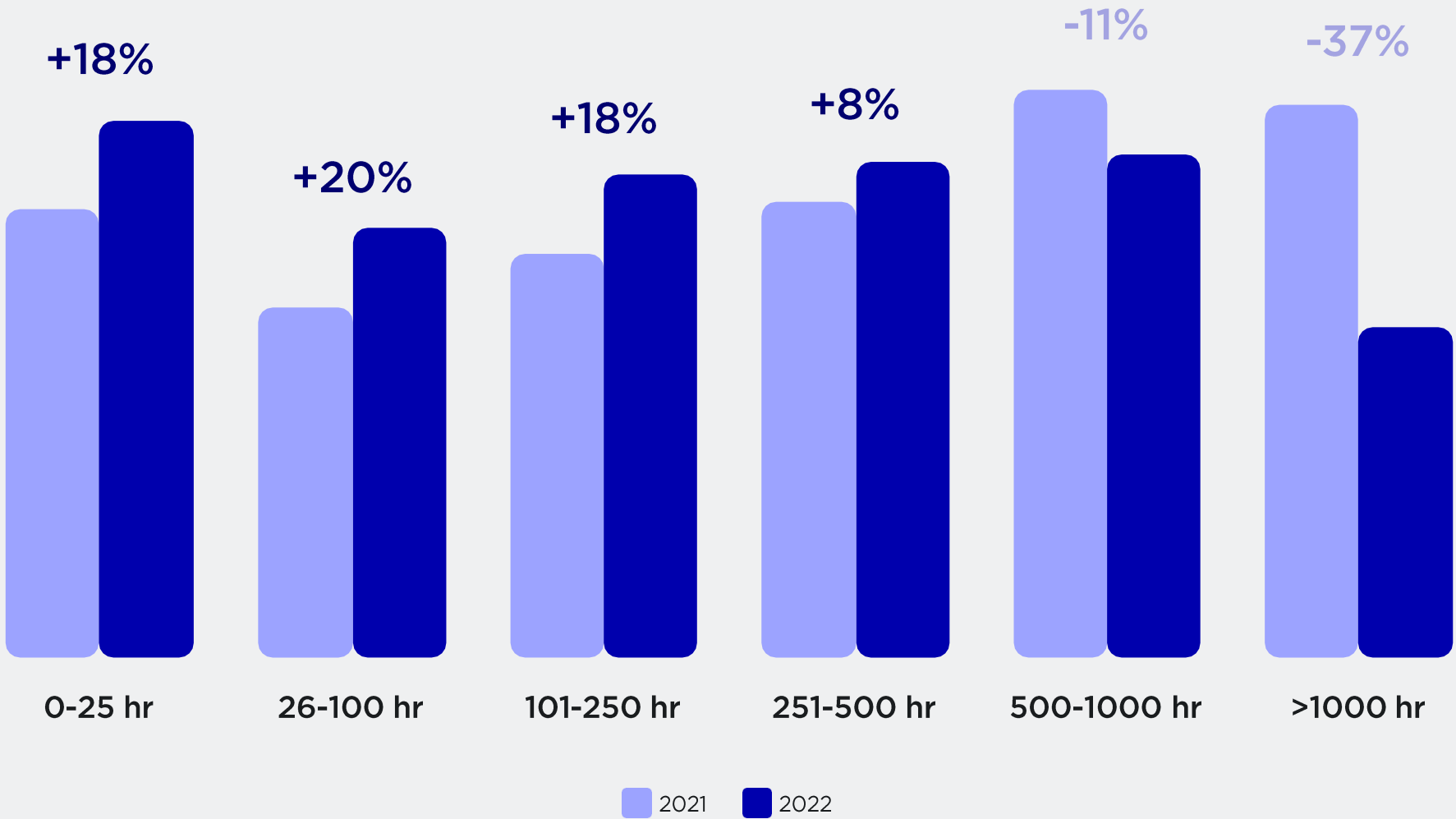
54%

of global players are in **Asia-Pacific**, and the region still houses some of the fastest-growing markets worldwide

Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport

Playtime is leveling out for PC & console platforms as lockdowns end

Average number of hours played in 2021 vs 2022



Source: Newzoo Game Performance Monitor | PC (Steam), Xbox, PS, 37 Markets, 2021-2022

Games delayed in 2022 will make an impact in 2023

Awareness of upcoming PC/console releases

Base: PC and/or console players aged 10-50, U.S.

	Awareness	Purchase intent		Awareness	Purchase intent
Resident Evil 4 (2023)	50%	20%	Tekken 8	33%	12%
Marvel's Spider-Man 2	47%	18%	Dead Space (2023)	32%	12%
The Legend of Zelda: Tears of the Kingdom	43%	17%	Avatar: Frontiers of Pandora	32%	10%
Street Fighter 6	42%	15%	Kirby's Return to Dream Land Deluxe	31%	11%
Final Fantasy XVI	41%	14%	ARK 2	26%	9%
Hogwarts Legacy	40%	15%	Vampire: The Masquerade - Bloodlines 2	26%	9%
Star Wars Jedi: Survivor	39%	14%	Starfield	26%	9%
Diablo IV	37%	13%	Horizon Call of the Mountain	23%	9%
Final Fantasy VII Rebirth	36%	13%	Redfall	23%	8%
Suicide Squad: Kill The Justice League	35%	13%	Fire Emblem Engage	22%	9%
Dead Island 2	33%	12%	Baldur's Gate 3	22%	12%

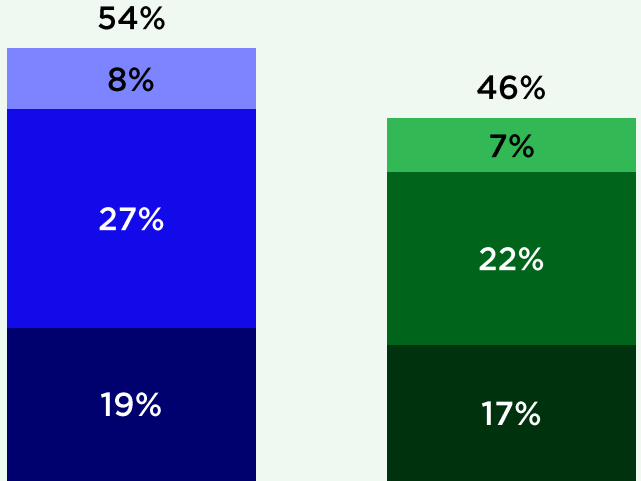
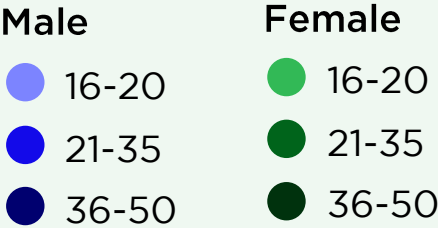
Source: Newzoo Game Health Tracker | January 2023

The Gaming Audience Is Diverse

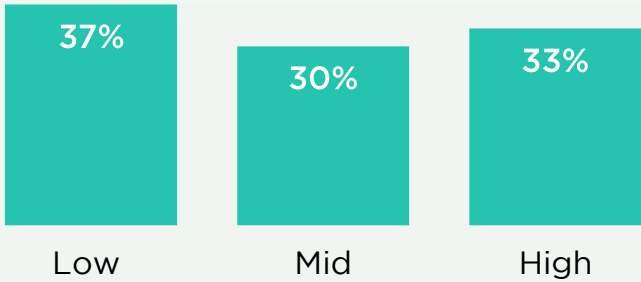


UNITED STATES

Age - Gender



Household Income



16%

identify as LGBTQIA+

31%

identify as having a disability, with mental health being the most reported

15%

identify as Black, 20% as Latinx, 5% as Asian American

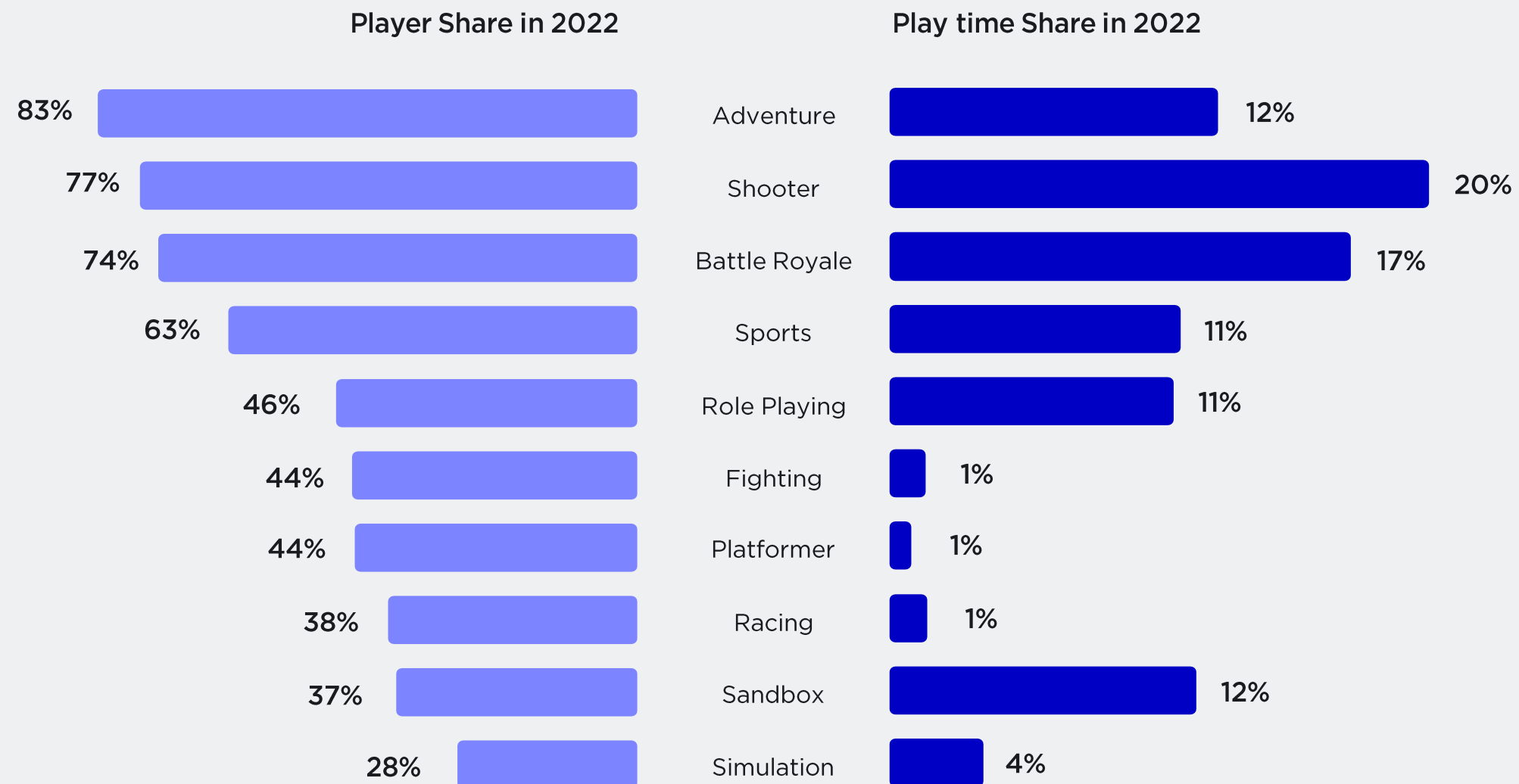


51%

of **players in the U.S.** find diversity, equity, and inclusion important

Source: Newzoo Gamer Sentiment Study: DEI 2021 | Base: Total players aged 16-50, USA

Top 10 PC and console Genres by Player Share



Source: Newzoo Game Performance Monitor | PC (Steam), Xbox, PS, 37 Markets, 2022



Is the Games Market Recession Proof ?

Looking Back



Gaming is a Resilient Market

Gaming proved resilient during the 2007–2009 recession and we expect it to withstand today's economic climate.



Unprecedented Growth

2020 and 2021 saw extraordinary growth and new audiences entering the games industry during lockdown.

Where we are now



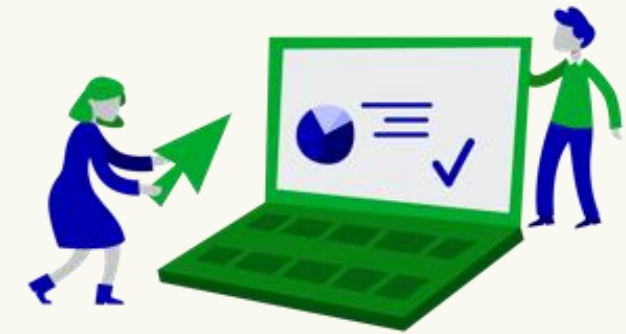
Fewer Restrictions, More Options

People now have more in-person entertainment options than during lockdown.



Economic Uncertainty

Inflation is limiting consumers' disposable income. Price-sensitive consumers may spend less on games.



Development Challenges

The pandemic created many challenges across the industry's entire value chain:

- Game Delays
- Supply Shortages
- Event Cancellations
- Development Issues

Looking Ahead



Diverging monetization across games and platforms Gaming Platforms:

Spend across platforms and
especially across types of
purchases will vary.



High value of games Gaming ROI:

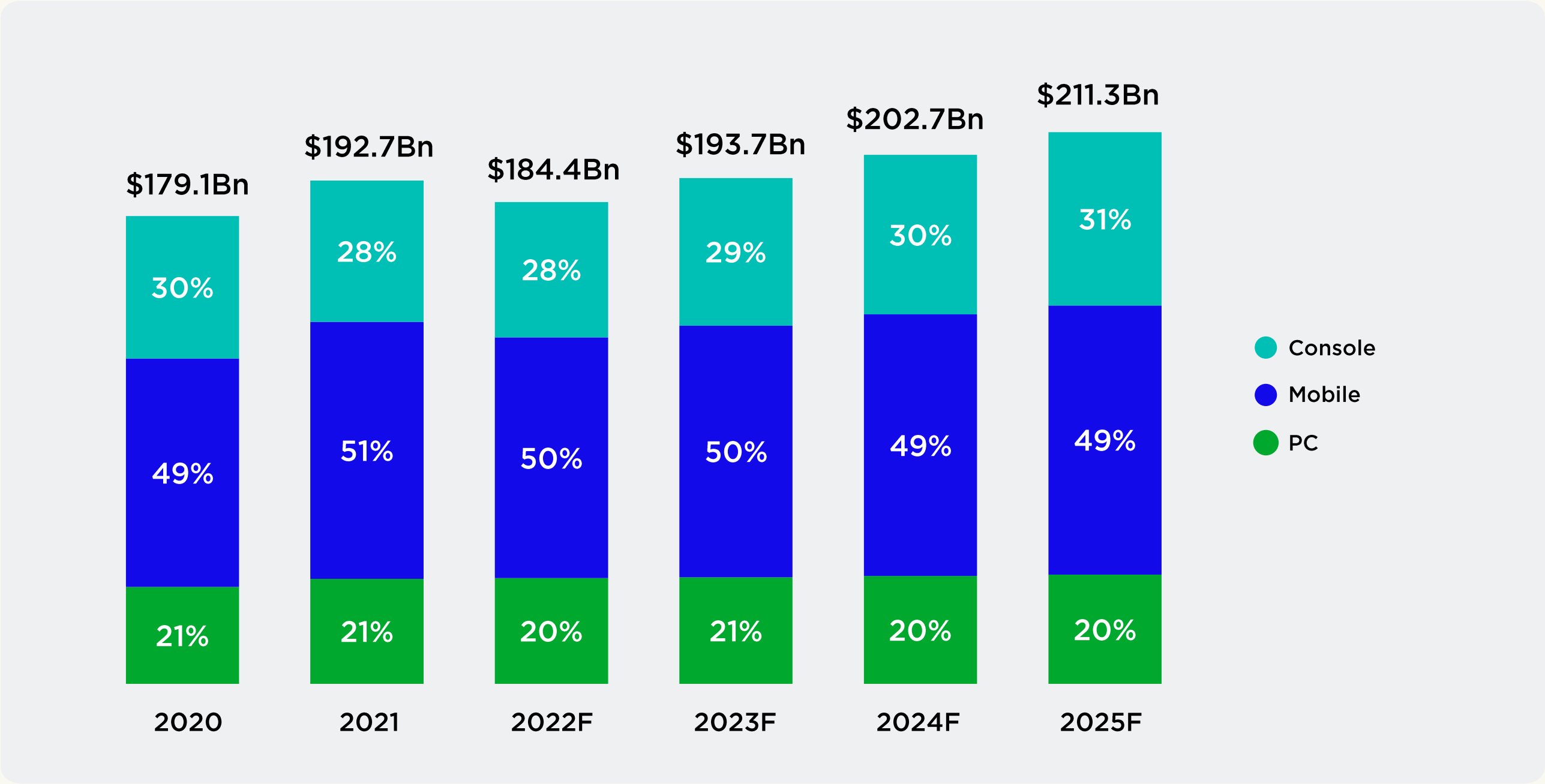
People aiming to maximize
their time/value for money on
entertainment will likely still
see games as their best option.



Player Population increasing Stable Growth:

We expect player numbers
to hit 3.3 billion by the end
of 2023 and 3.5 billion by
2025.

Global Game Revenue Forecast 2020-2025



Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport

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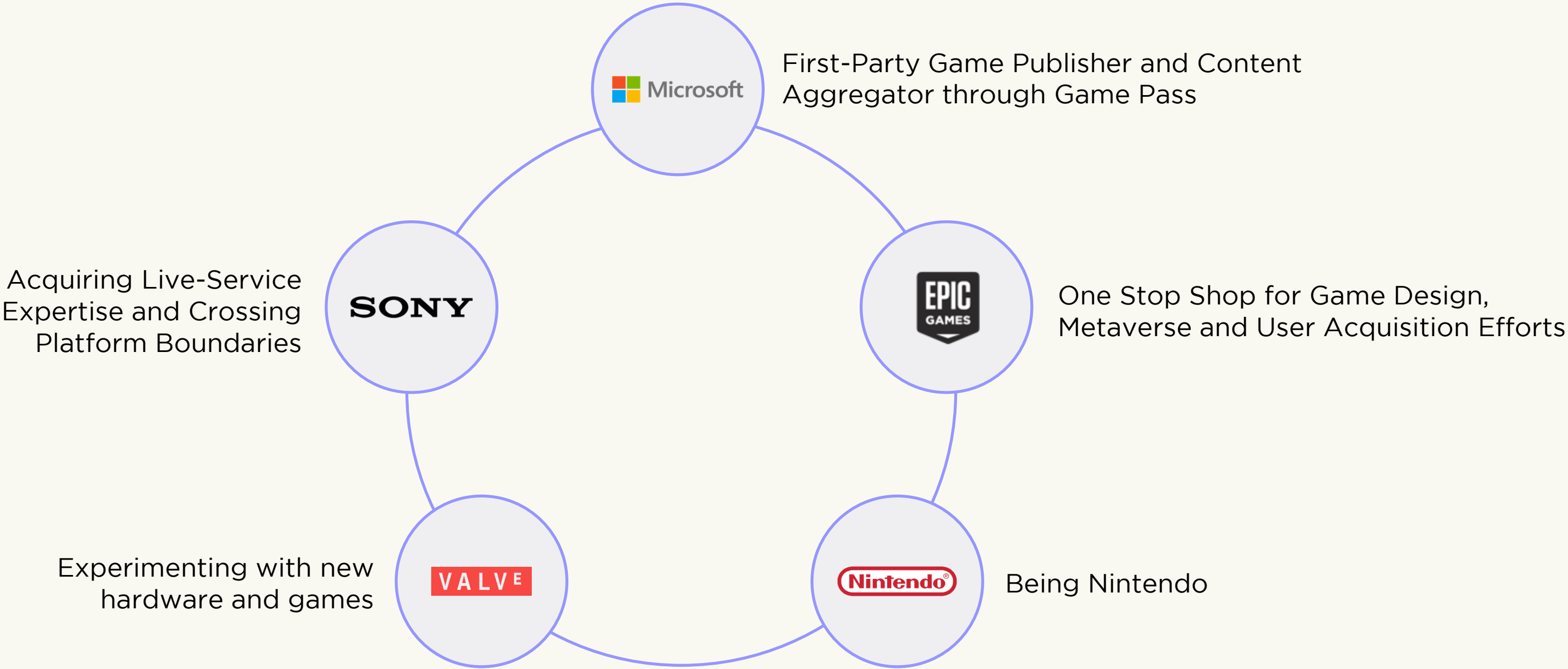
Key Trends in Games

- 1. Gaming the Ecosystem:**
Ecosystems are overlapping and expanding thanks to live services, subscriptions, and media
- 2.**
PC/Console games continue to explore new monetization strategies to diversify their revenue streams
- 3. Cross-Platform Games:**
The Path to Platform Agnosticism
- 4.**
Globalization in the games market has continued with a new trajectory

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Ecosystems are overlapping and expanding thanks to live services and subscriptions



Subscription Services Disrupt How Games Are Made and Played



Strategy: High value

300+ titles



PlayStation.Plus

Strategy: Compatibility

700+ titles



Strategy: Publisher showcase

80+ titles



NVIDIA



Microsoft announced
a decade long content deal
with Nvidia and Nintendo



Both Microsoft and PlayStation
offer cloud gaming as a feature of
their highest-tier subscriptions

Games successfully launching transmedia initiatives



Cyberpunk: Edgerunners renewed interest in the franchise significantly



Cyberpunk 2077

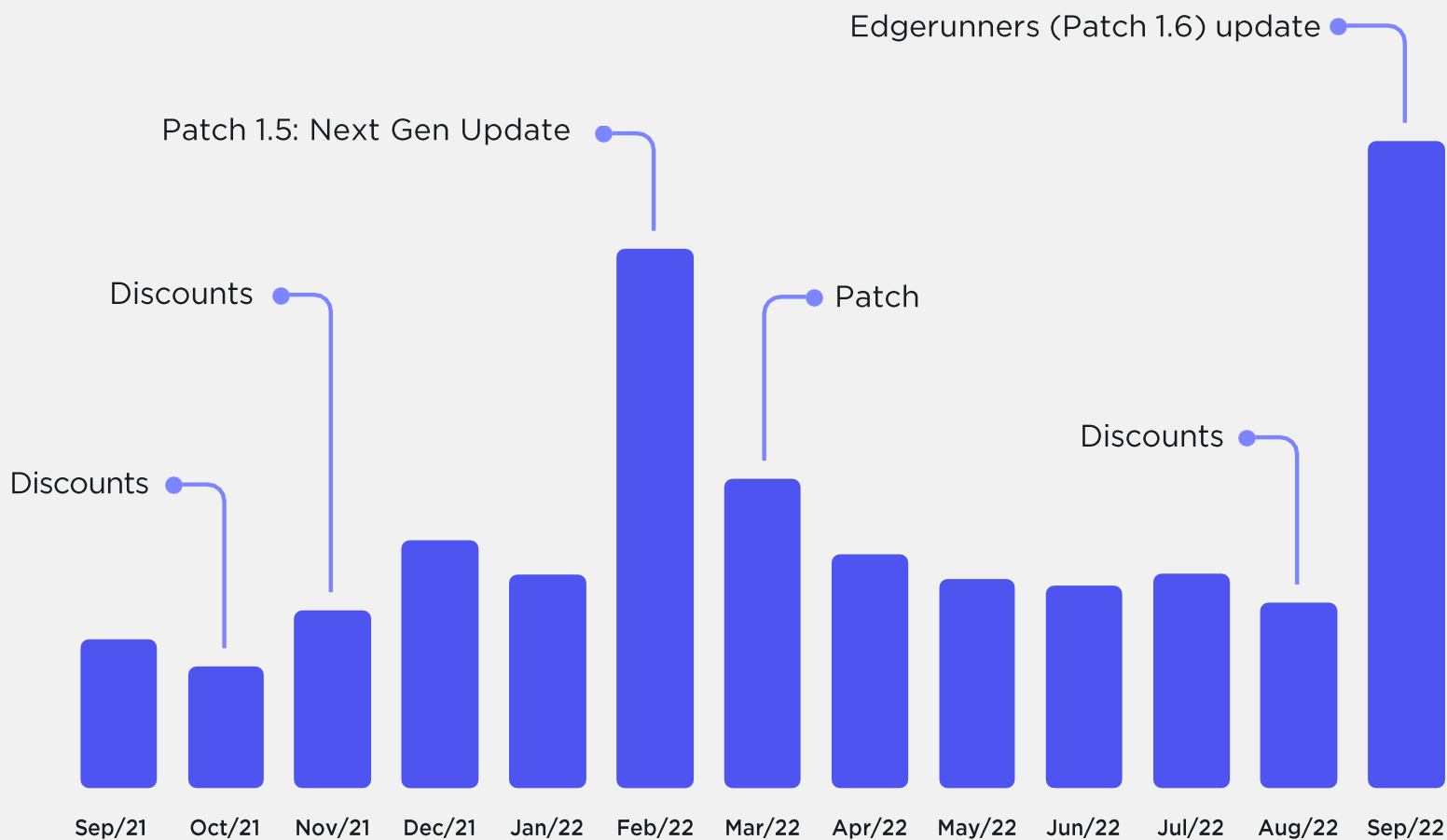


Cyberpunk:
Edgerunners

+249%

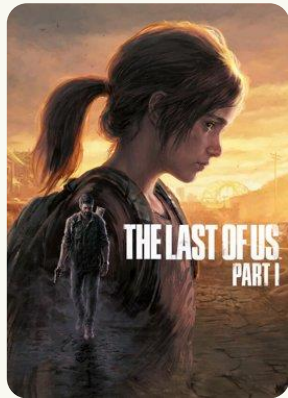
MoM MAU growth rate
for Cyberpunk: 2077
from Aug. to Sept. 2022

Event Performance by MAU – Cyberpunk 2077



Source: Newzoo Game Performance Monitor | PlayStation 4 & 5 | 37 Markets | Sep 2021 – Sep 2022

The Last of Us transmedia strategy heavily influenced MAU and revenue



The Last of Us Part I
2022

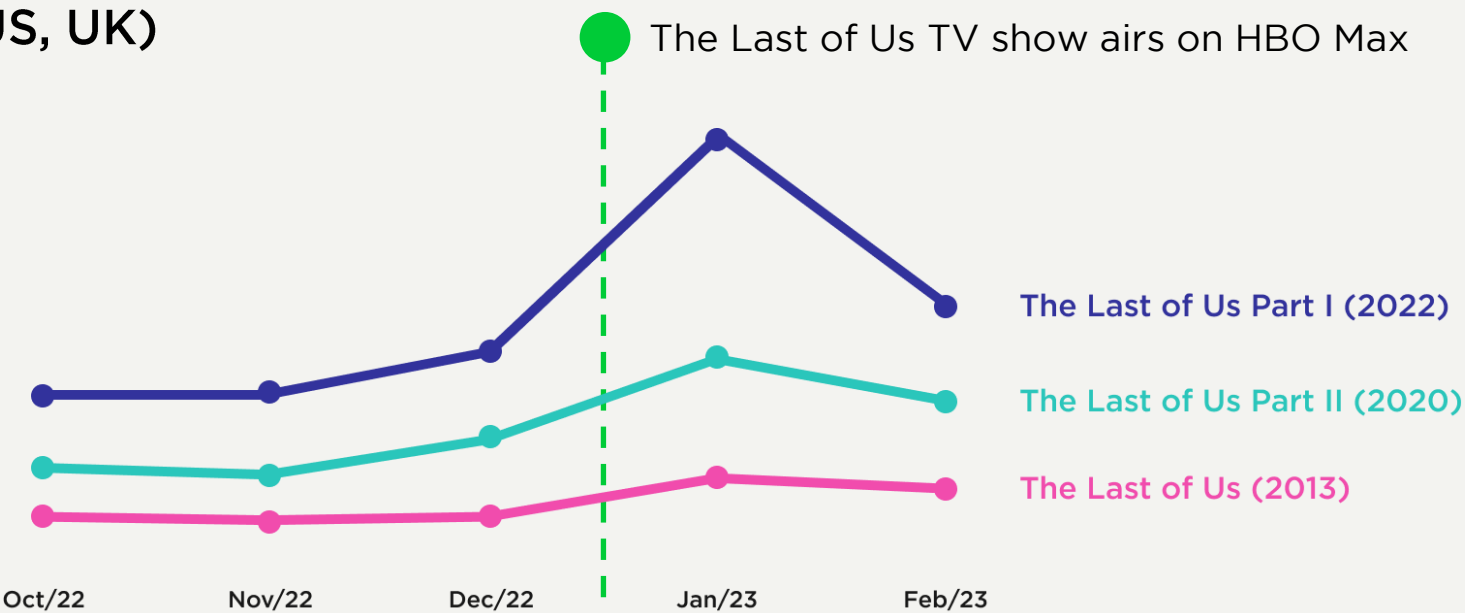


The Last of Us
2013

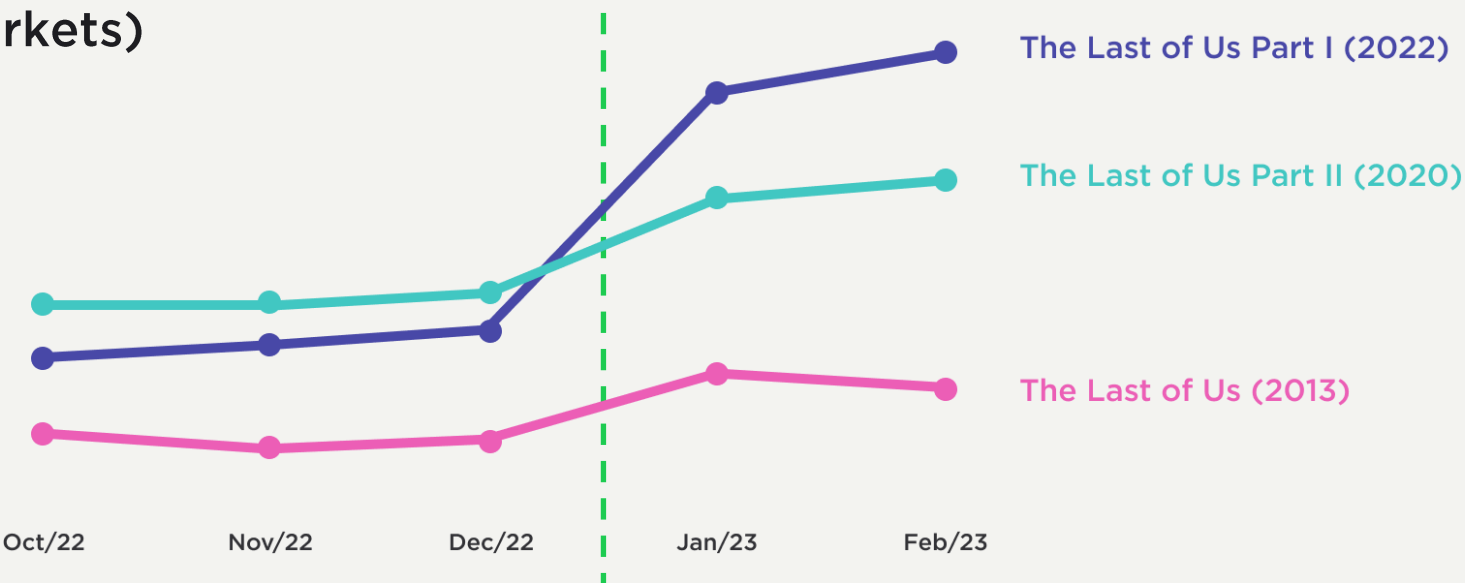


The Last of Us Part II
2020

Revenues (US, UK)

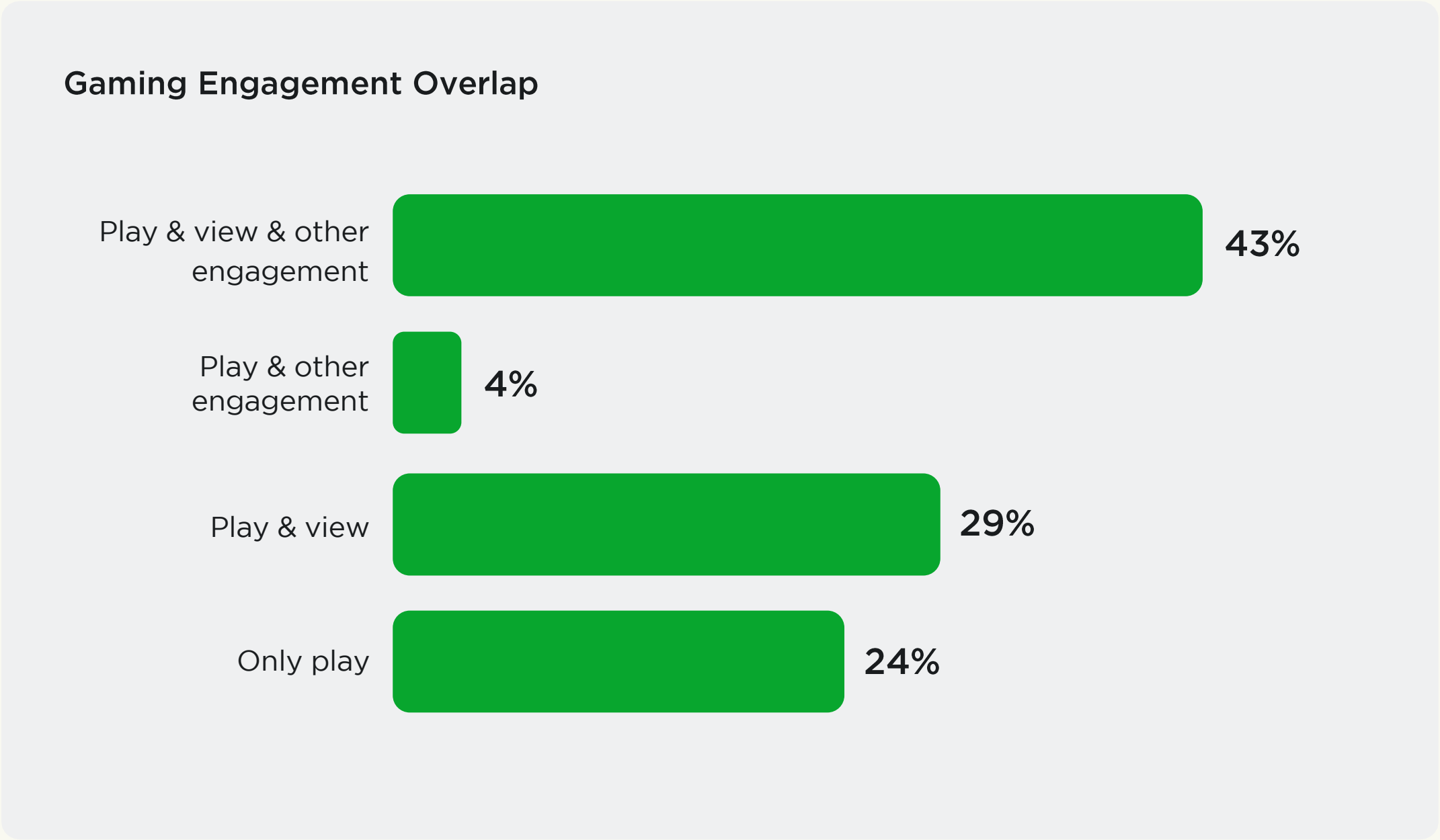


MAU (37 markets)



Less than 25% of PC & console players engage by just playing

Base: Total PC and/or console players

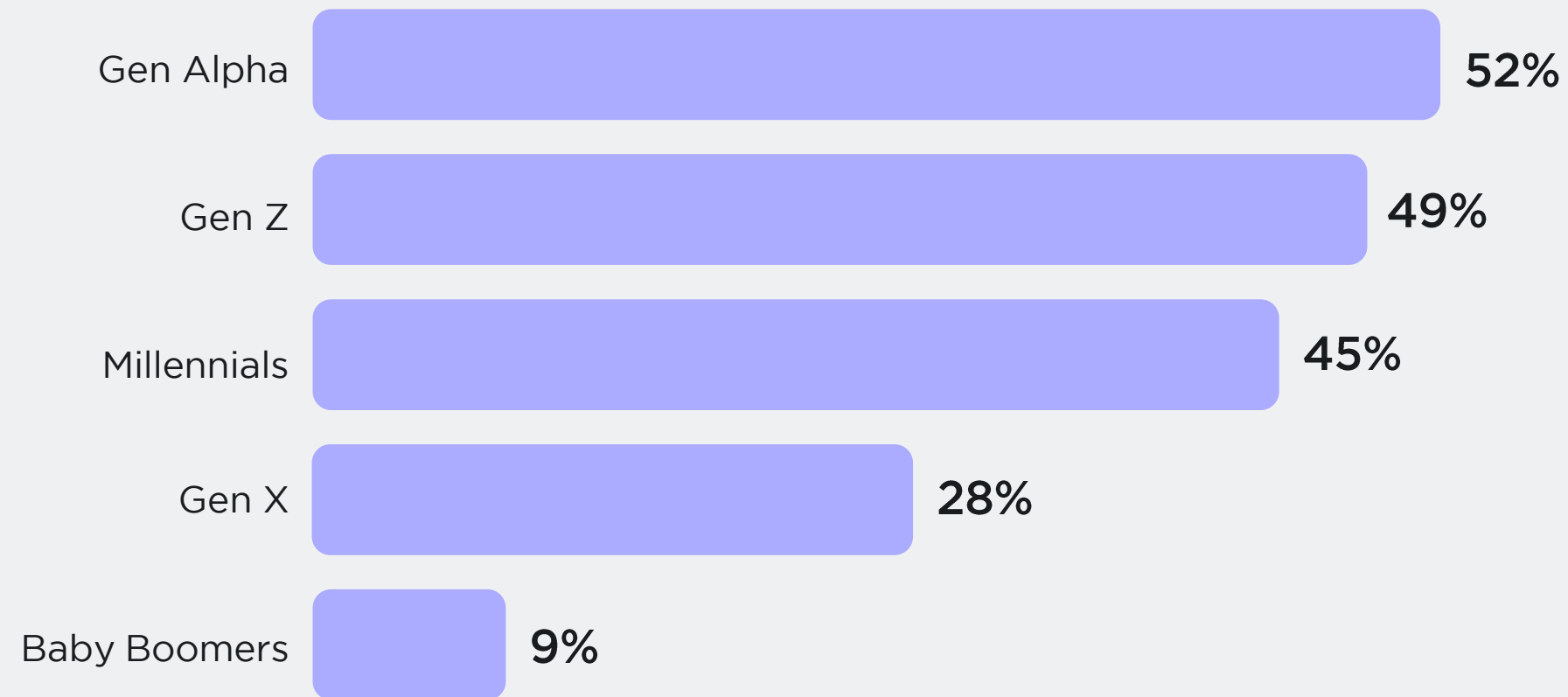


Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Younger players engage with gaming content in every way

Base: Total PC and/or console players

% of generation that engages with gaming content every way

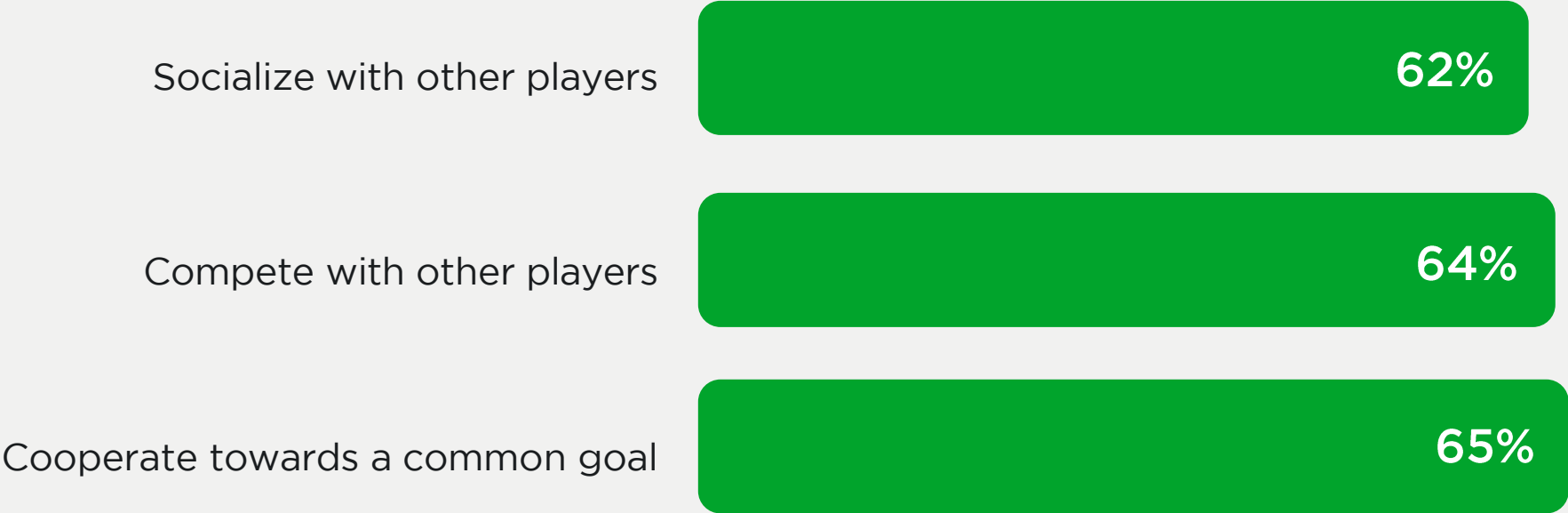


Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Gaming is increasingly becoming a platform for connection and socializing

Base: Total PC and/or console players

Importance of social features in games (% top 3 box out of 7)

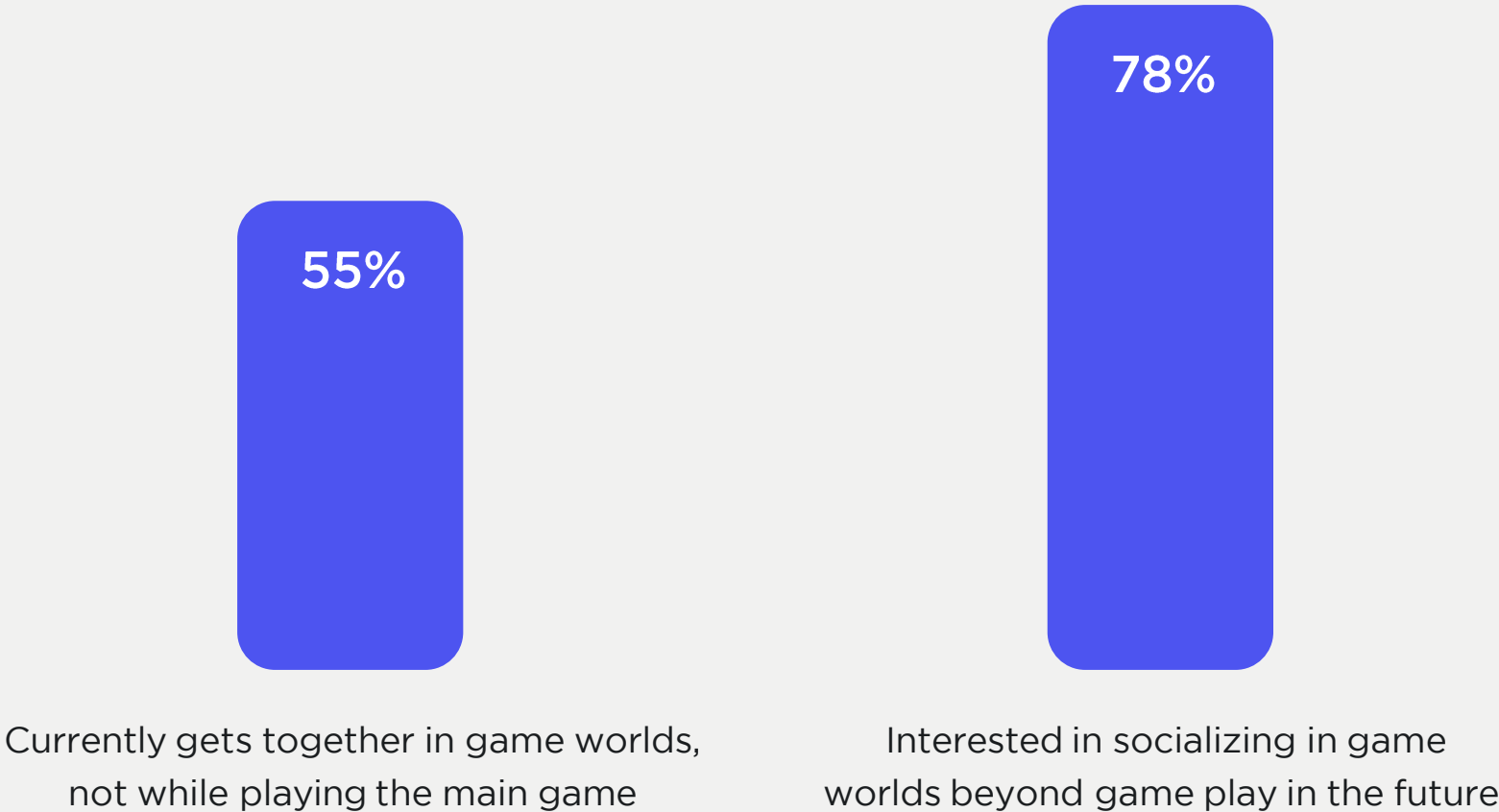


Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Gaming is increasingly becoming a platform for connection and socializing

Base: Total PC and/or console players

Current Involvement and Future Interest in Socializing Within Game Worlds



Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Beyond the game: live ops and social systems

	Premium / Solo Games	Games-as-a-Service	Games-as-a-Platform
Typical game design	<i>Single player stories, local co-op</i>	<i>Single player & competitive multiplayer</i>	<i>Regular game modes plus social, creative, & other non-game ways to engage</i>
Players per instance	1-4	100	10,000+
Reach	Local	Online Multiplayer	Limitless Online Multiplayer; multiplatform
Content	Large game studios	Lean developers and/or player-driven	Community & AI-driven
Business model	<i>Physical premium one-off transactions</i>	<i>Premium, IAP/IAA, Subscriptions, licensing</i>	<i>Multi-stream, including digital events, hybridized monetization strategies, etc.</i>
Hardware / platform	Console + high end PC	Mobile + more powerful PC/console; AR & VR	Multi-platform, mixed reality, & cloud-native
Marketing	<i>Traditional retail, linear, large publisher partnerships</i>	<i>Social media-based digital advertising, influencers</i>	<i>Influencer-first (real & digital), IP-driven, digital exclusives, native ads & in-game activations</i>

Key Trends in Games

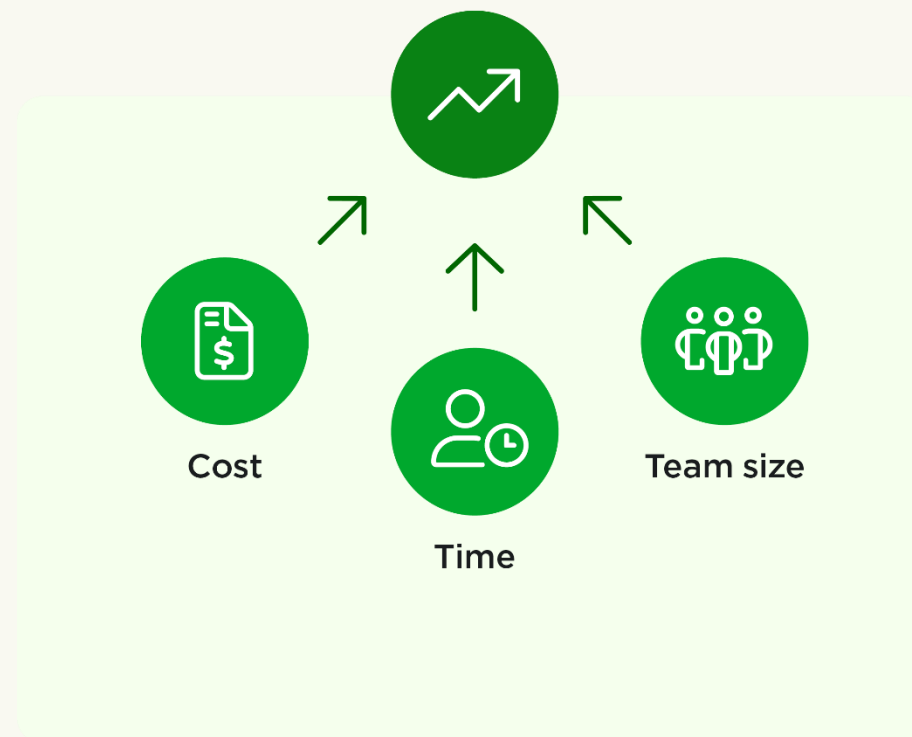
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The Path to Platform Agnosticism
- 4.** Globalization in the games market has continued with a new trajectory

More AAA and AA publishers will pivot their main franchises to serviced models

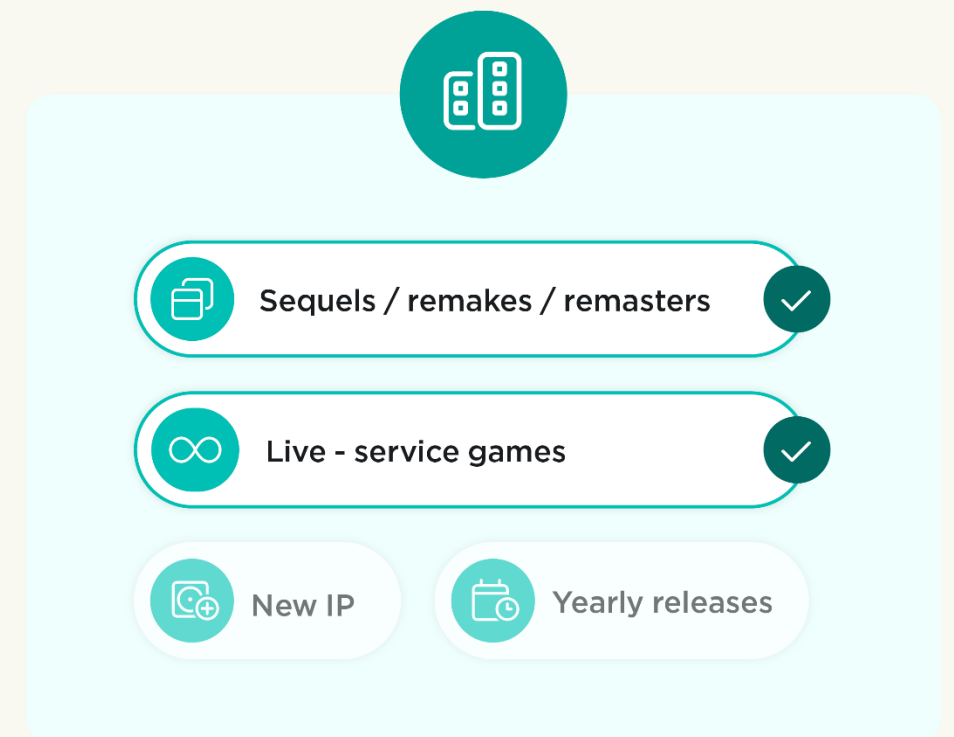
- 1 Live-service games continue to dominate the games market



- 2 Players expectations for quality and content lead to higher development overheads



- 3 Most established studios are playing it safer rather than betting big on new IPs



Legacy games continue to dominate the charts across PC/Console in the USA

Top 10 Games by Average MAU in 2022 Per Platform

PC		Xbox		PlayStation		Nintendo Switch	
1	ROBLOX	1	Fortnite	1	Fortnite	1	Pokémon Scarlet/Violet
2	Call of Duty Modern Warfare II/ Warzone 2.0	2	Call of Duty Modern Warfare II/ Warzone 2.0	2	Call of Duty Modern Warfare II/ Warzone 2.0	2	Fortnite
3	Fortnite	3	Grand Theft Auto V	3	Grand Theft Auto V	3	Fall Guys
4	Minecraft	4	Minecraft	4	Call of Duty Modern Warfare/Warzone	4	Mario Kart 8
5	Apex Legends	5	Call of Duty Modern Warfare/Warzone	5	Apex Legends	5	Minecraft
6	Call of Duty Modern Warfare/Warzone	6	High on Life	6	NBA 2K23	6	Pokémon Legends: Arceus
7	The Sims 4	7	ROBLOX	7	NBA 2K22	7	Rocket League
8	Overwatch 1 & 2	8	Apex Legends	8	God of War: Ragnarok	8	Animal Crossing: New Horizons
9	Valorant	9	Fall Guys	9	Minecraft	9	Nintendo Switch Sports
10	Counter-Strike: Global Offensive	10	NBA 2K22	10	Call of Duty: Black Ops Cold War	10	Splatoon 3

Source: Newzoo Game Performance Monitor | PC , Xbox, PS, Switch | USA | 2022

Top 10 Games by Revenue for PC/Console in the USA

Premium Revenue – US Top 10	
1	Call of Duty: Modern Warfare II/Warzone 2.0
2	NBA 2K23
3	Elden Ring
4	God of War: Ragnarok
5	Pokémon Scarlet/Violet
6	Dying Light 2
7	Madden NFL 23
8	LEGO Star Wars: The Skywalker Saga
9	Tiny Tina's Wonderlands
10	Pokémon Legends: Arceus

In-Game Revenue – US Top 10	
1	Fortnite
2	NBA 2K22
3	Apex Legends
4	ROBLOX
5	Valorant
6	Destiny 2
7	NBA 2K23
8	Grand Theft Auto V
9	League of Legends
10	Call of Duty: Modern Warfare/Warzone

Source: Game Performance Monitor | PC (all platforms/launchers), Xbox, PS | US Only | 2022

The PC & console games market will embrace hybrid monetization strategies

Why in-game advertising is now viable for AAA PC & console games ?

- ➔ Advertising exchanges are automated
- ➔ Almost every player and every game is online
- ➔ Brand marketers are sold on the power of gaming to reach people
- ➔ Advertisers need a new channel to reach (young) audiences
- ➔ Free-to-play games on PC and console are a mainstay

The PC & console games market will embrace hybrid monetization strategies

Mitigating the challenges of in-game advertising

- ➔ Ad-based subscription tiers that offer cheaper monthly costs
- ➔ Blended ads that integrate seamlessly into the gaming experience
- ➔ Rewarded ads that give users extra incentives (in-game rewards) viewing the ad

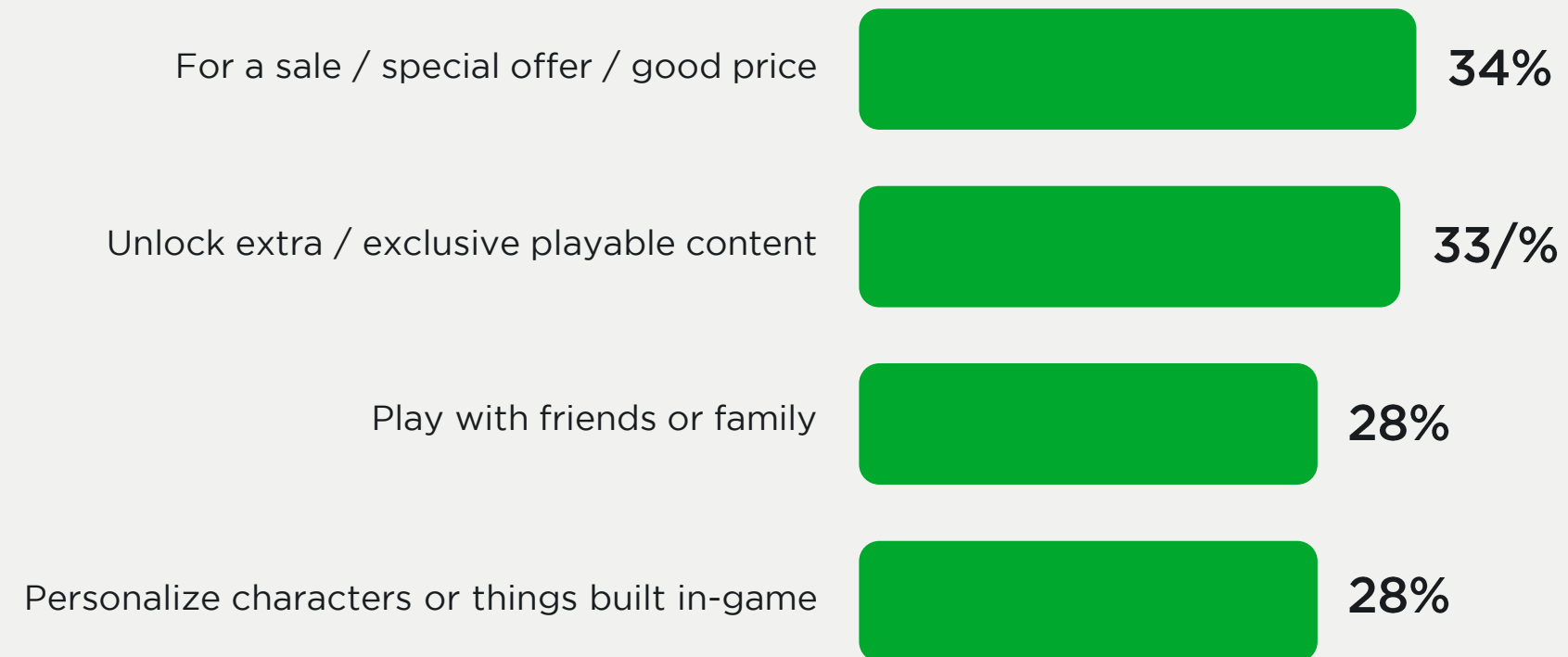
Two thirds of PC and/or console players spend money on video games



66%

of PC and/or console
players are payers

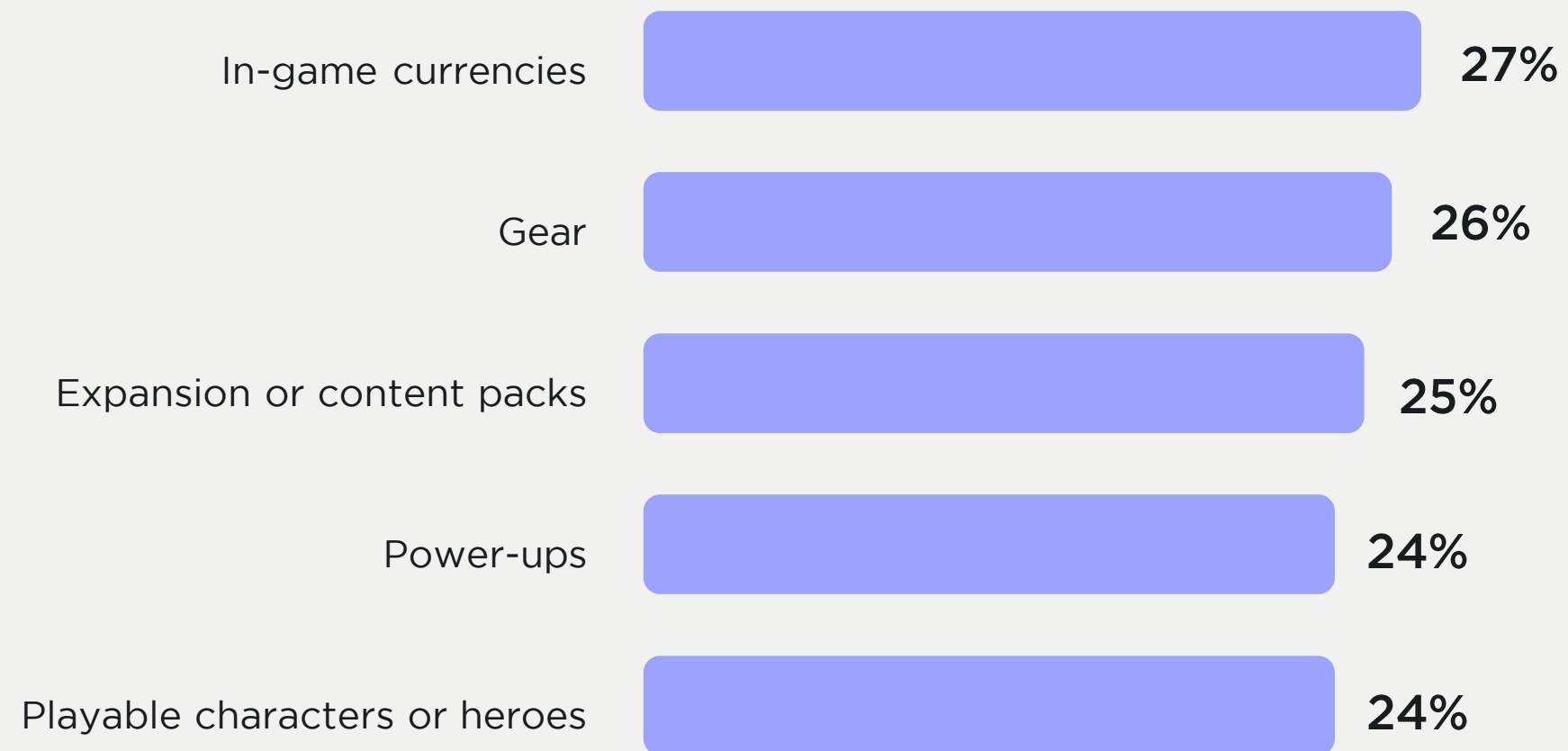
Top reasons to spend money on video games



Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

So, what are players spending money on?

Top 5 in-game items/virtual goods spent money on (P6M)



Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

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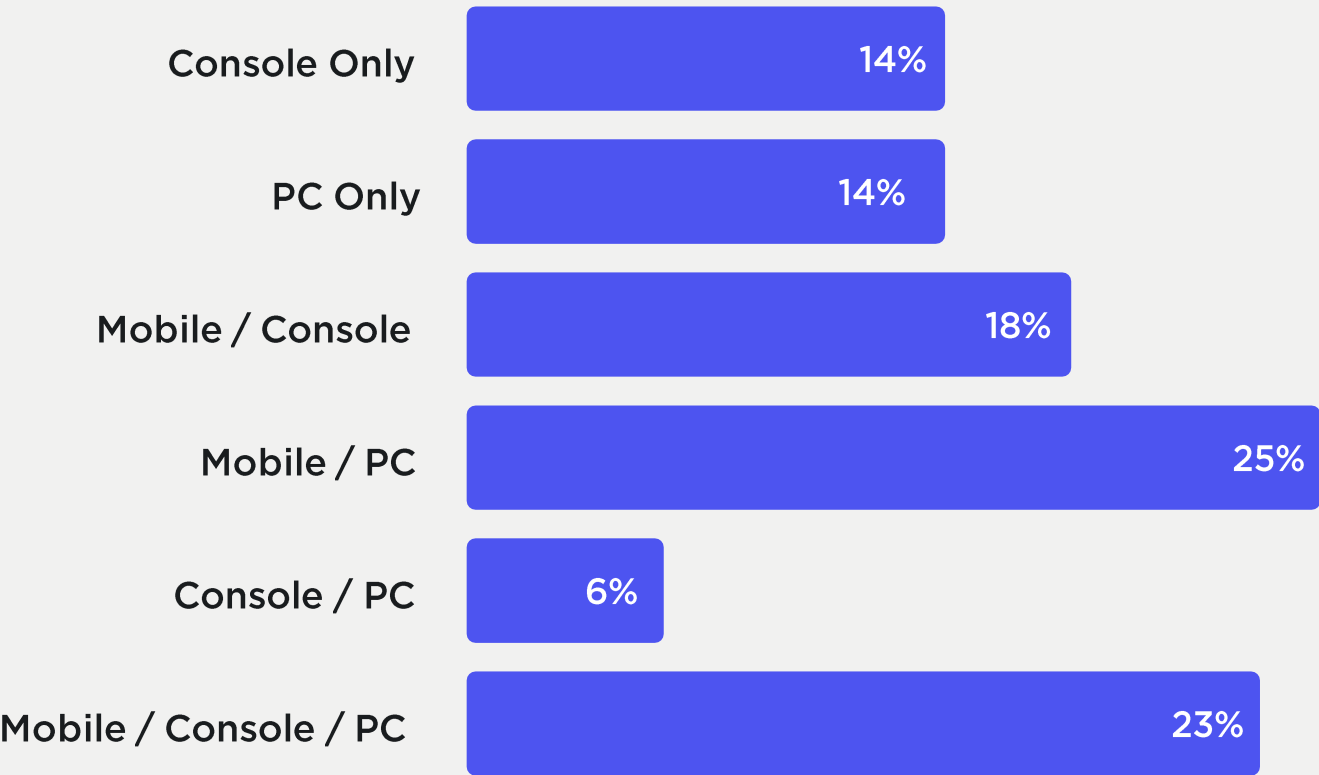
Cross-play is more prominent and lines between platforms are blurred



Cross-platform play becoming common

Base: Total PC and/or console players

PC and/or Console Platform Player Overlap

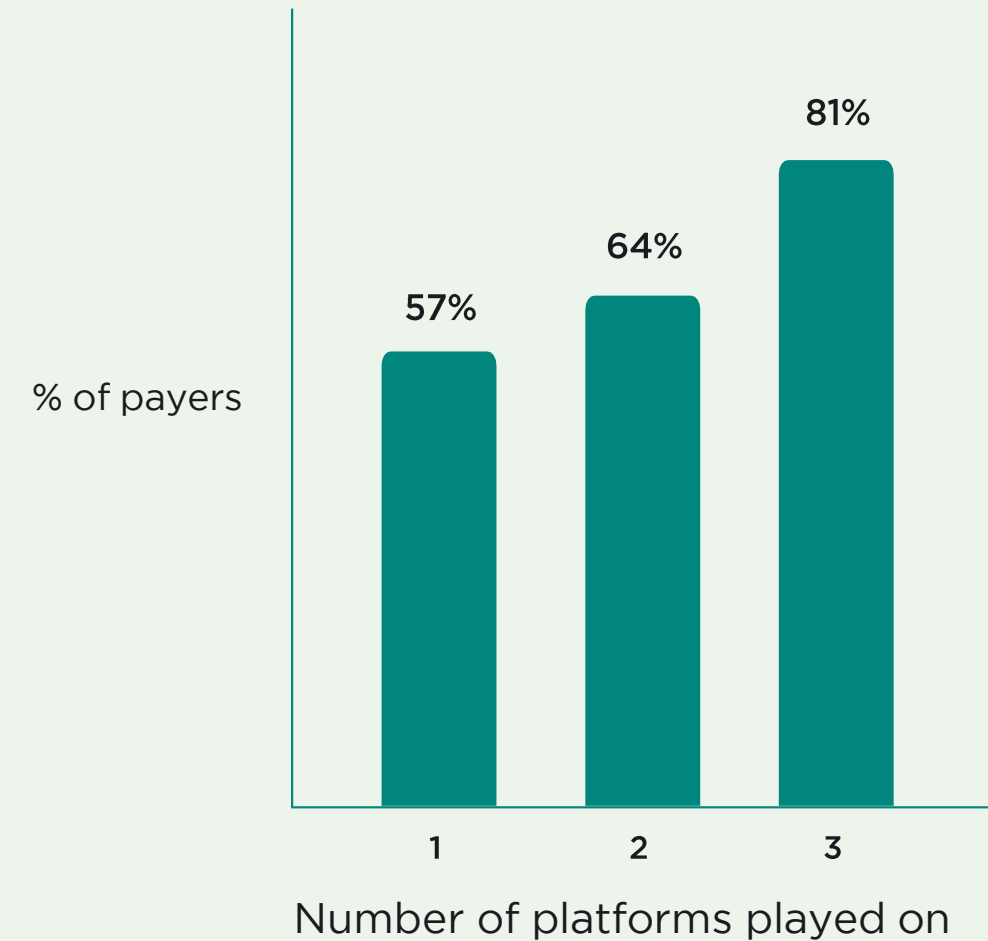


Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

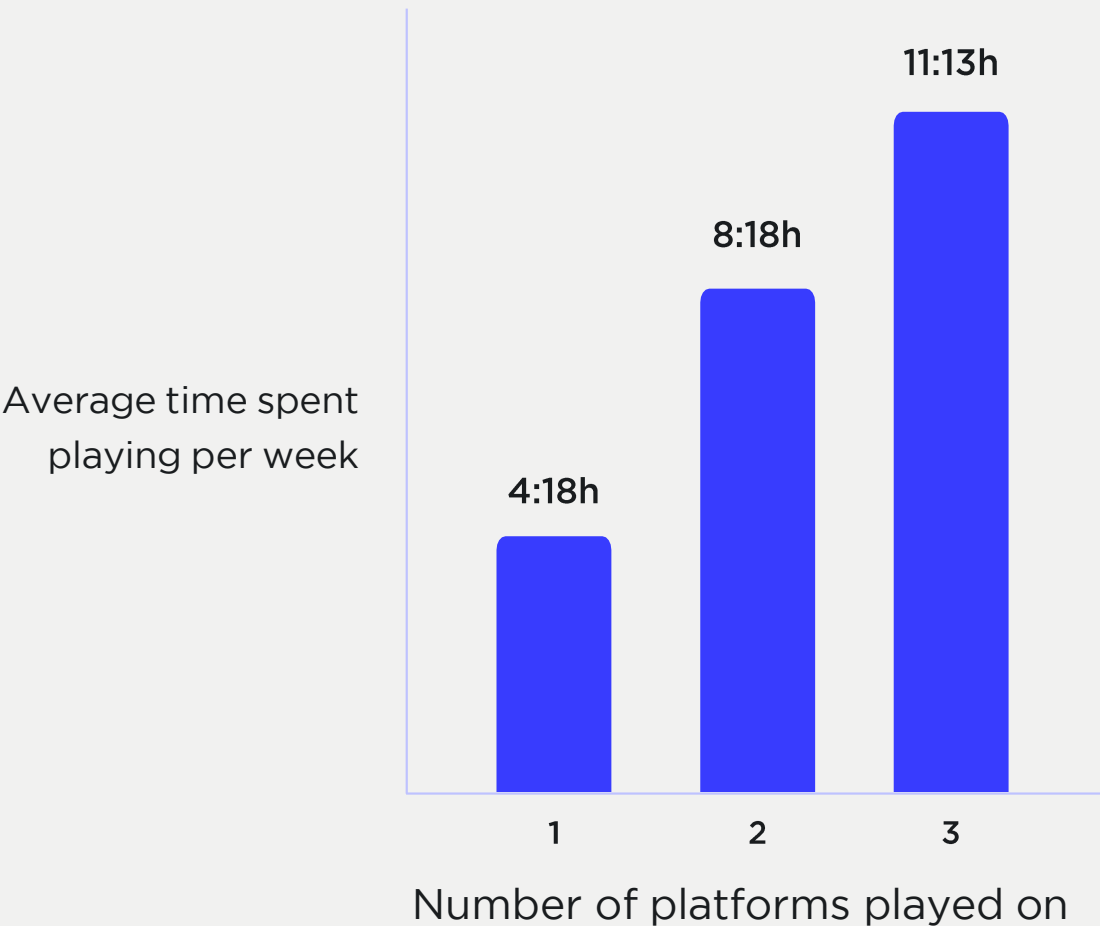
Cross-play signaled an increase in playtime and spend

Base: Total PC and/or console players

Share of Payers by Number of Platforms



Time Spent Playing by Player Platform Segment

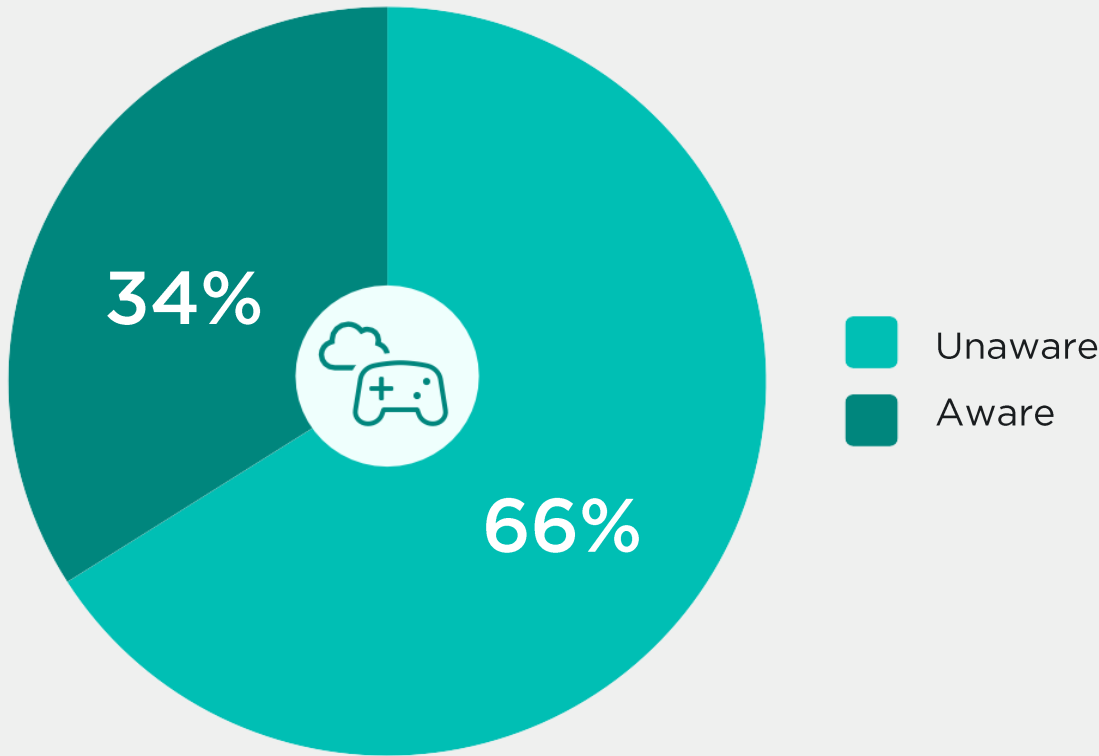


Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Cloud gaming may accelerate cross-platform play

Base: Total PC and/or console players

Awareness of Cloud Gaming



Among those aware:

58%

Currently play or have played games via cloud gaming services before

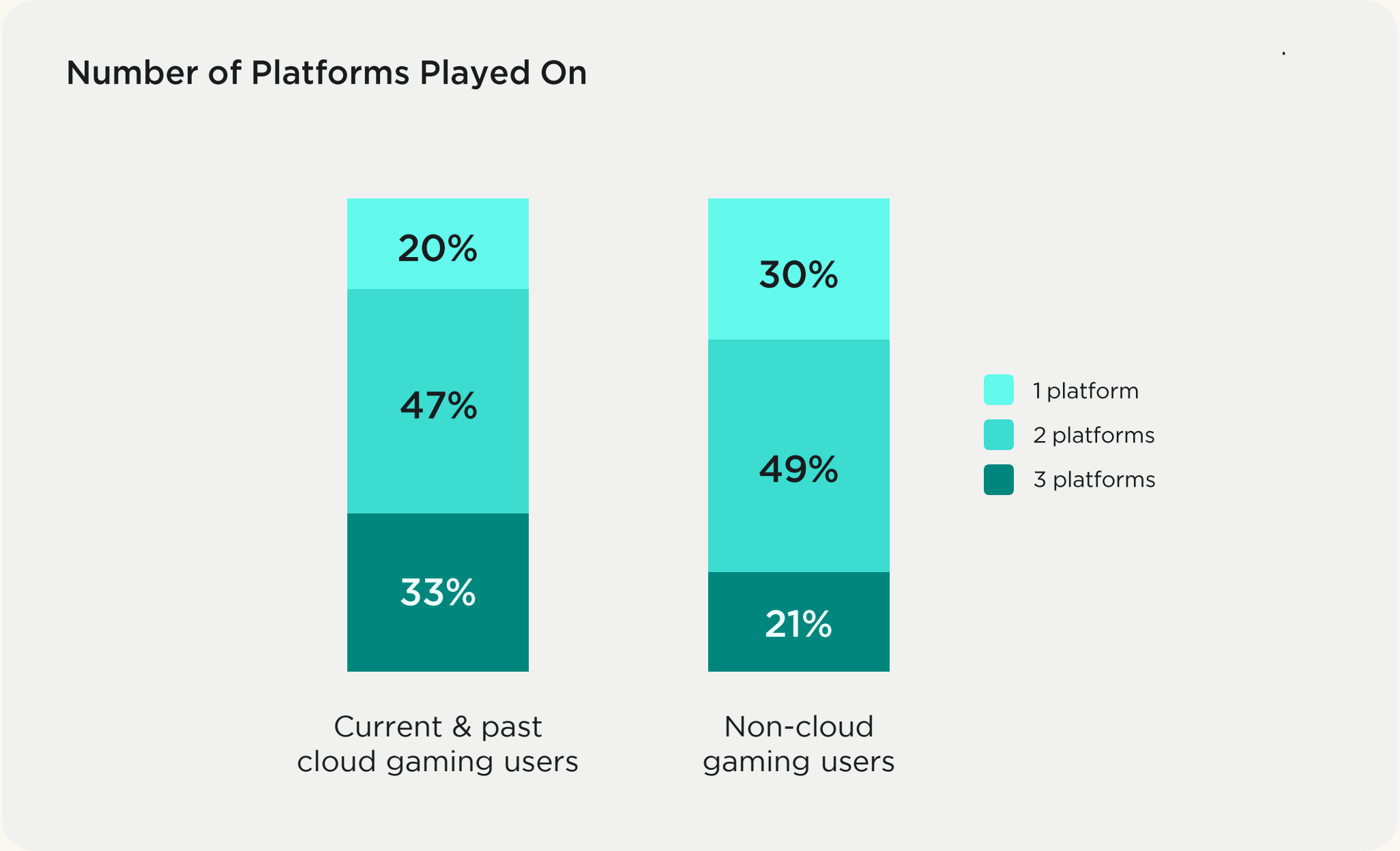
42%

Have not played games via cloud gaming services before

Source: Newzoo Global Gamer Study 2022 (Global weighted average across 36 markets)

Cloud gaming may accelerate cross-platform play

Base: Total PC and/or console players



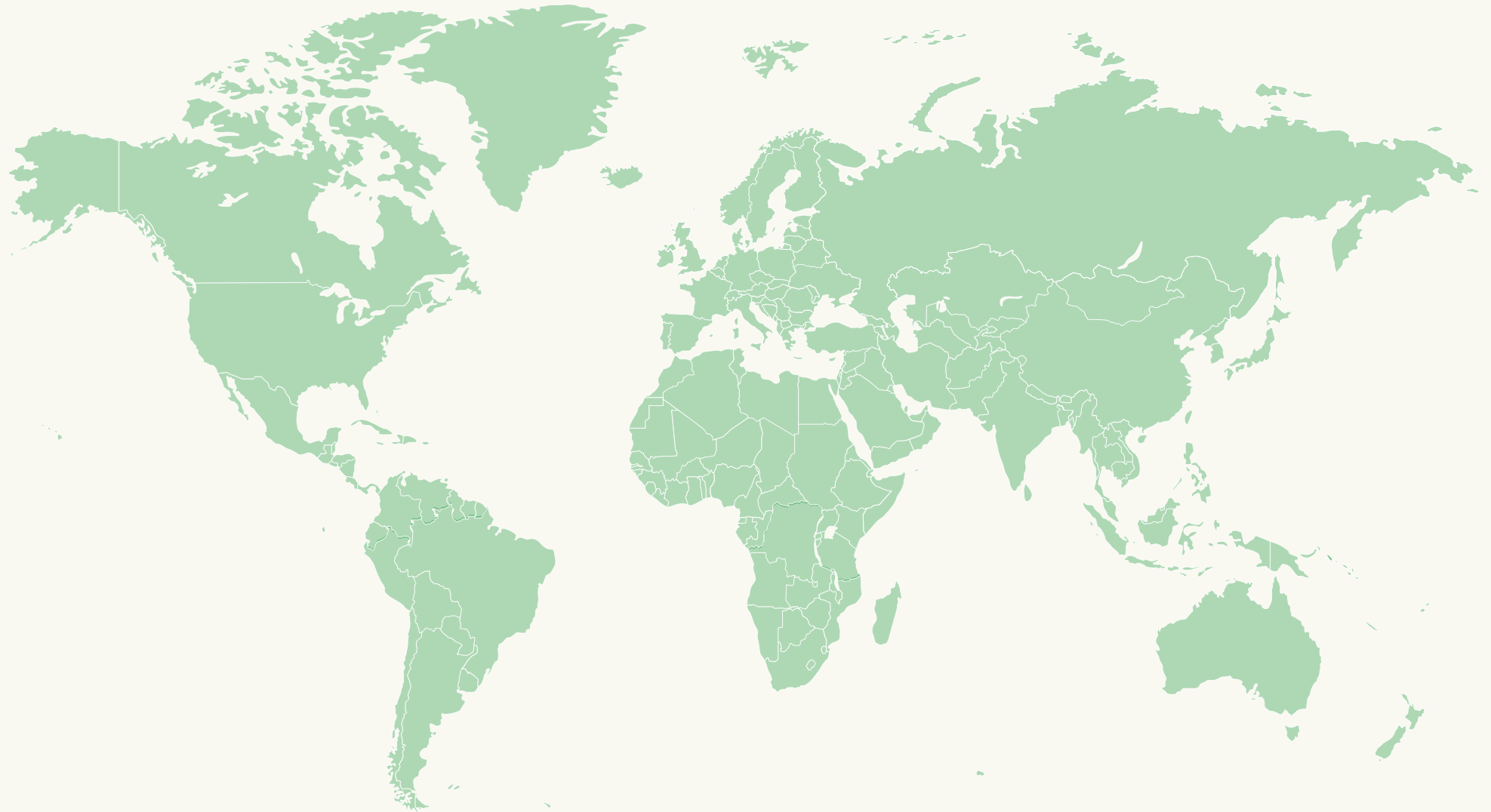
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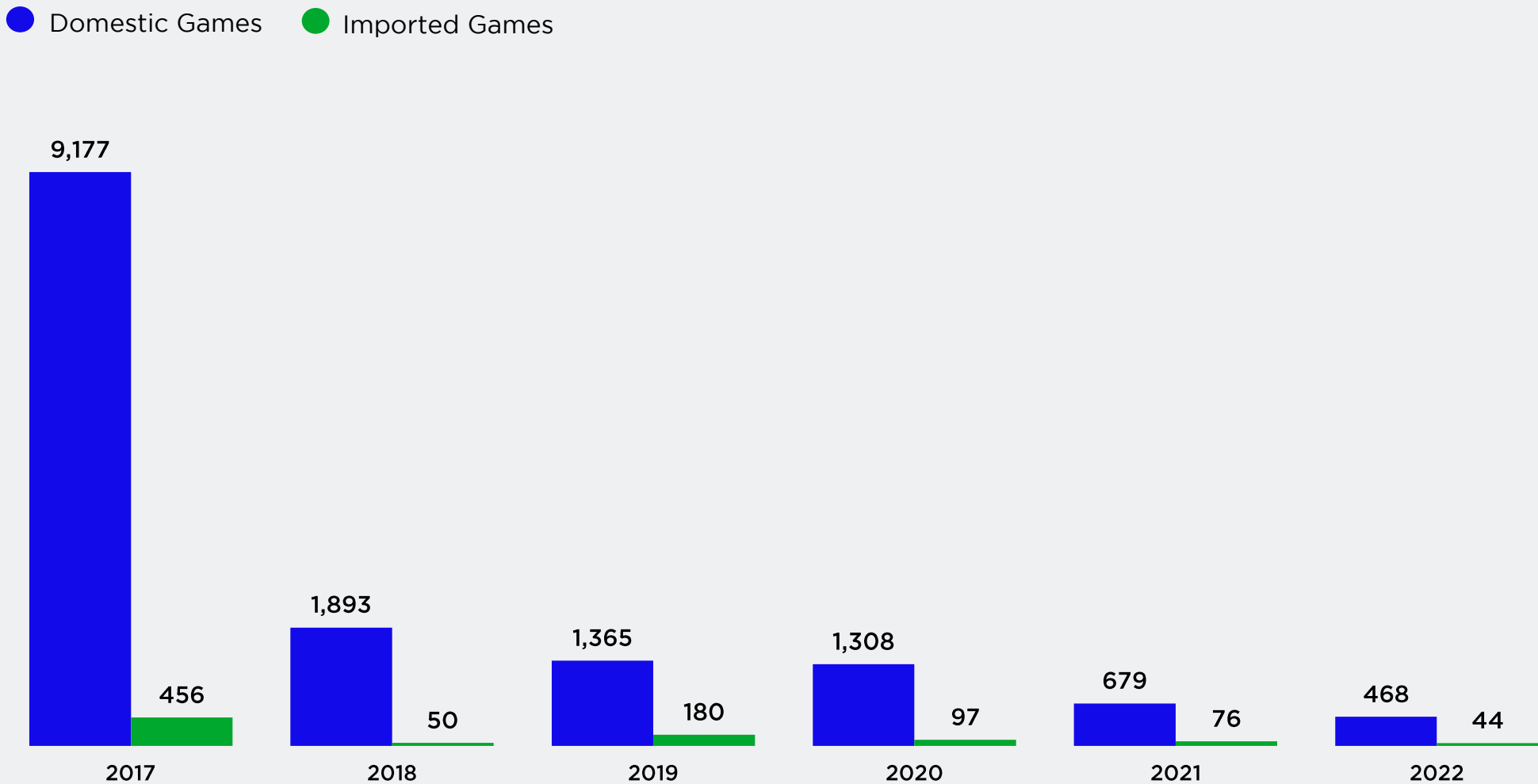
Globalization in the Games Market Continues With a New Trajectory

- 1 Regulatory changes restrict the Chinese Games Market
- 2 Growth markets will also enter the fold globally
- 3 Western developers are breaking new ground



China's Game Market Suffered Following the License Freeze

Games Approved in China 2017-2022 by National Press and Publication Administration (NPPA)



Source: [National Press and Publication Administration \(NPPA\)](#)



Mobile Game Licenses in 2022

440 / 33



PC Game Licenses in 2022

38 / 9

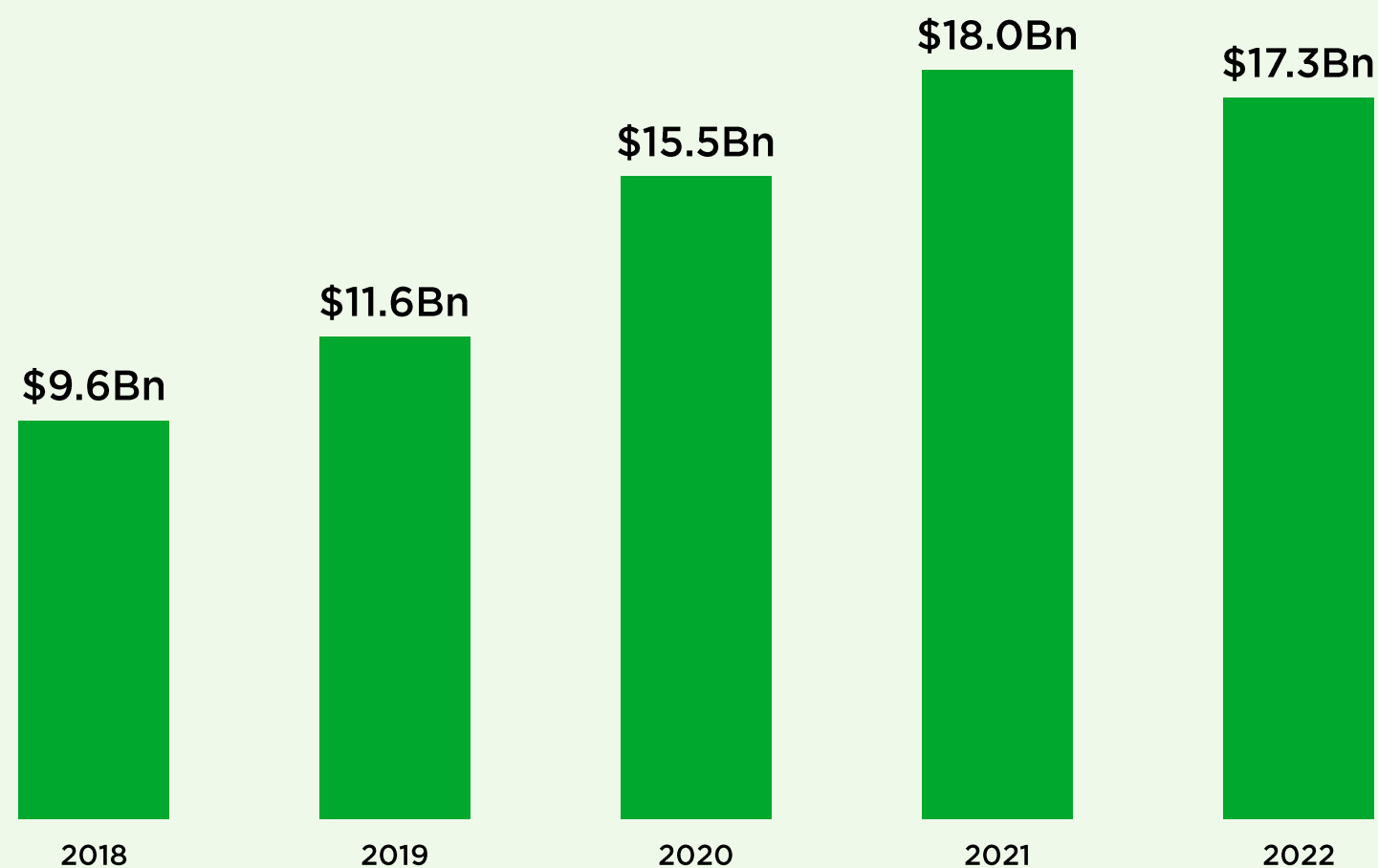


Console Game Licenses in 2022

5 / 4

The International Market Is the New Battleground for Chinese Developers

Overseas Game Revenues by Chinese Developers in 2018 - 2021



+16%

2018-2022 CAGR of Chinese game companies' revenues outside of China.

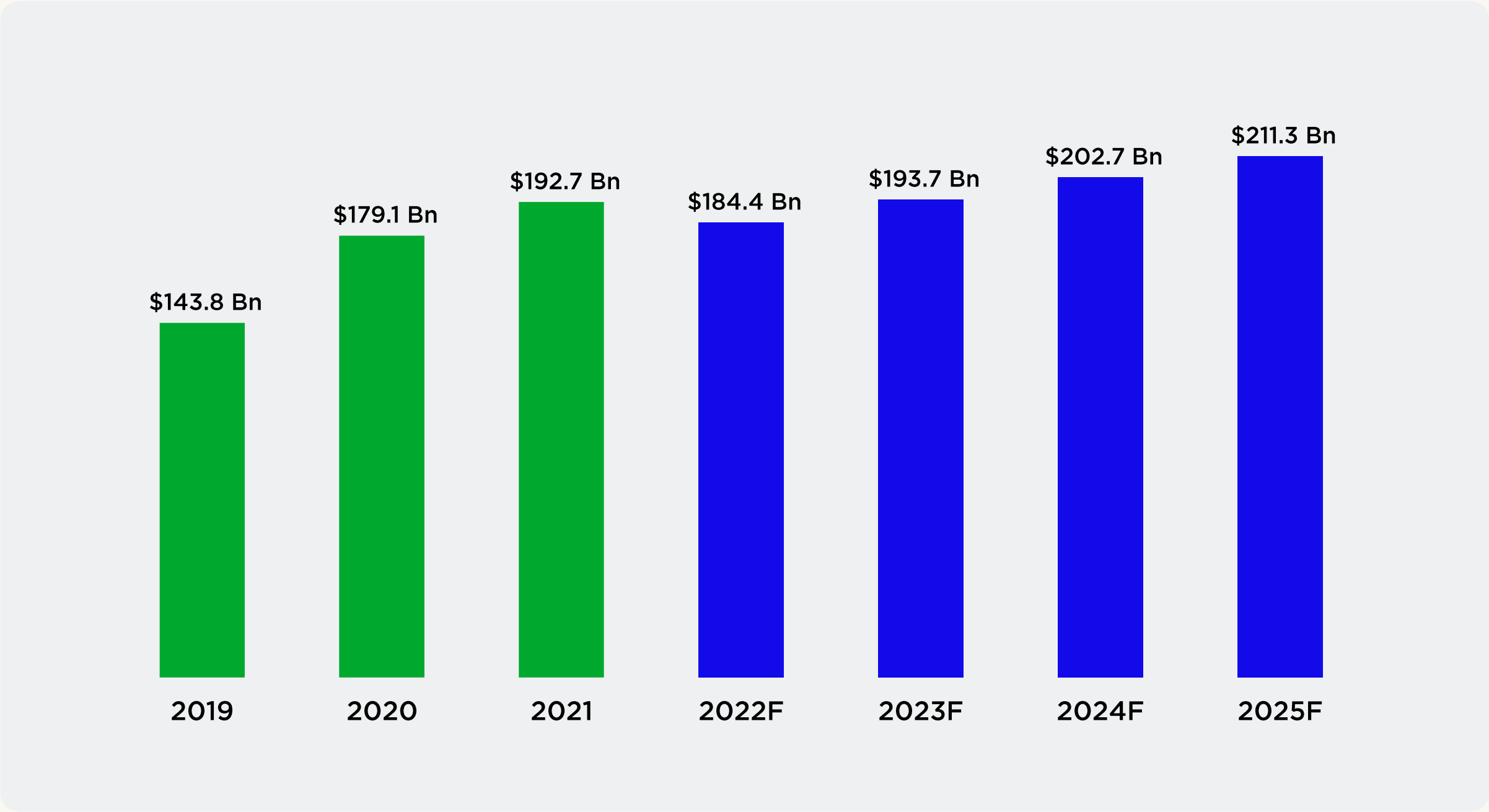
During the same period, the CAGR for global mobile game revenues is +11.7%, meaning Chinese companies are growing quickly outside China.

Source: Game Publishers Association Publications Committee (GPC) of China

Globalization in the Games Market – Japan Highlight



Global Games Market Revenue Forecast toward 2025



Source: Newzoo Games Market Reports and Forecasts | January 2023 | newzoo.com/globalgamesreport




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PC & Console Gaming Report 2023




Thank you!
Any Questions?



Let's connect

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