



Free
Version

2020

Global Games Market Report

Key Trends | Market Sizing & Forecasts
Special Focus Topics | Rankings



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Foreword

Newzoo's 2020 Global Games Market Report

With great pride, we present the 2020 Global Games Market Report. This is another landmark year for the industry, which continues to be shaped by global events on a scale never-before-seen in our lifetime. Games are playing a pivotal function in society as a pillar of entertainment, social connection, and relief, improving the quality of life for millions during the COVID-19 pandemic. Consumers are spending more time gaming than ever, and the games market has seen unprecedented levels of engagement in the first half of 2020.

Meanwhile, the second half of the year will see a climactic event nearly a decade in the making: both Sony and Microsoft will launch the next generation of home consoles, ushering in an exciting new era for the games market.

The lockdown measures across the world have accelerated—and even catalyzed—change in the games market. Ten years ago, younger generations were leaving behind traditional media for social media. Today, they are leaving behind social media for the more interactive experiences that gaming offers. Playing games has always been an inherently social experience, and this year, the World Health Organization officially promoted video games as a recommended social activity during the pandemic. At its core, gaming is a universal language connecting people through a shared passion, common goals, and unifying experiences. Game worlds are generally more immersive than social apps. Through ever-improving connectivity technology, games are becoming fully fledged, fully functional social networks. The largest social networks like Facebook and Bytedance's TikTok recognize the opportunity (and threat), and continue to increase investment in games to unlock and explore their potential.

It doesn't stop there: game worlds are experimenting with experiences that go beyond the game itself. Fortnite famously hosted one concert last year, and in the first six months of 2020 alone, we have seen global entertainers host concerts in Fortnite in front of millions, a late-night talk show host an episode via Animal Crossing, people celebrating weddings and graduations in game worlds, and more. Thanks to gaming, the once-impossible concept of a metaverse—a virtual space that is persistently online and active, and unlimited in scope with its own economy—is edging closer to reality.

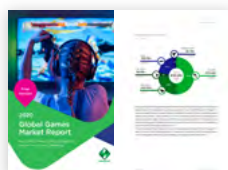
Mobile gaming continues to break barriers, expanding the reach of gaming around the world. By the end of this year alone, more than 92 million new players from emerging markets will have entered the ecosystem, most of them via mobile. One of the key contributing factors is the ongoing growth of hypercasual mobile games. The accessibility of these titles—through simple gameplay, little-to-no waiting time, and ad-based monetization—allows anyone to play and enjoy. Chinese game companies, in particular, are leading the change for mobile, finding new revenues and success in the wake of 2018's nine-month-long licensing freeze.

At the same time, game companies are investigating new ways to deliver content to consumers. Subscription services offer a new level of value and have the potential to redefine the relationship between developers, publishers, and players. Similarly, cloud gaming services are on track to attract even more players by lowering the upfront cost of hardware, removing one of the highest barriers to entry to PC and console gaming. Going forward, we see leading companies willingly sacrifice short-term revenues for long-term success. By prioritizing user engagement above all, companies are pushing us further toward a platform-agnostic future. It doesn't matter which device people play on—as long as they are accessing these companies' ecosystems.

To that purpose, we have further improved our game revenue breakdown. We now split revenues per platform between full games (boxed and digital), in-game revenues, and subscription revenues on console. We will continue to expand this breakdown in the coming months to account for the ever-evolving games market.



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1.

Methodology & Terminology

Methodology

Sizing the Market With A Variety of Data

Newzoo aims to provide clients and market stakeholders with the best possible assessment of the size of the overall games market, broken down into segments and regions. By developing many data points, we ensure that our numbers make sense on a segment, regional, and individual country/market level. Below, we describe our approach in more detail to explain what underpins our forecasts, facilitating comparisons with other data sources.

At the highest level, Newzoo focuses on three key metrics for every market: players, payers, and revenues. We define a market as a country or geographic region in combination with one or more game segment(s).

The data on players and payers is mainly based on our own primary consumer research, which continues to form the basis of our detailed understanding of consumers and games. In our primary consumer research, conducted from February and March 2020, more than 62,500 invite-only respondents across 30 key countries/markets were interviewed. The 30 countries/markets together represent more than 90% of global game revenues. The respondents are between the ages of 10 and 65 for all markets except for Turkey, Saudi Arabia, Indonesia, India, Thailand, Singapore, Vietnam, Philippines, Malaysia, Taiwan, and China, for which the focus is 10 to 50. Respondents are selected carefully to represent the online population in developed countries and the urban population of major cities in Turkey, Saudi Arabia, Southeast Asia, and India. In China, we focus on the population of Tier 1 and Tier 2 cities.

The player and payer ratios resulting from our consumer research are projected against the online population, using UN population and ITU internet penetration metrics. The logic behind the model is that the online population is an important driver of the number of potential gamers and an indicator of how much more structural growth a country can expect in its potential gamer population.

The differences between the player and payer numbers in the Global Games Market Report and our Consumer Insights stem from the use of age boundaries and the use of the core city approach. In the Global Games Market Report, the total population is considered, while our Consumer Insights use the population between the ages of 10 and 50 or 65 to best represent the online urban population in most countries.

The revenue data comes from our predictive games market model, which uses a top-down approach to market sizing. We incorporate macroeconomic and census data from the IMF and UN, such as household income and GDP per capita, transactional and app store revenue data from our data partner Priori, our primary consumer research, other partner data, detailed financial information reported by more than 100 public companies, and third-party research. We also receive valuable input from clients, often leading international game companies.

Market size estimates and growth forecasts for individual segments, countries, and in aggregate for the total industry are validated against our analysis of various contextual metrics. For instance, our market model calculates the average annual spend per paying gamer, which is then compared with historic numbers, other regions, household income, and GDP per capita.

Our historical revenues and growth rates reflect the year-end US\$ exchange rate. Our projected growth rates assume steady exchange rates going forward, but we take into consideration historical growth rates in local currency rather than US\$, as this gives a better picture of underlying growth.

We define revenues as the amount the industry generates in consumer spending on games: physical and digital full-game copies, in-game spending, and subscription services like PlayStation Plus and Xbox Game Pass. Mobile revenues include paid downloads and in-game spending on all stores, including third-party stores, and from direct downloads.

Our revenue numbers exclude taxes, consumer-to-consumer second-hand trade, advertising revenues earned in and around games, (peripheral) hardware, business-to-business services, and the traditionally regulated online gambling and betting industry (e.g., BWIN and William Hill).

In terms of countries and regions, we define the market size as the amount companies generate from consumers in that specific territory, as opposed to the amount companies based in a particular territory generate worldwide.

The broader conceptual framework supporting our forecasts consists of the expected growth of the online population plus the expected development of the Key Market Indicators per region, as illustrated below.

Overall, our forecasts are always the outcome of an iterative process, reviewing the implications of our assumptions on a very granular level. During this process, we rely on quantifiable metrics, such as historical growth rates, and include hard-to-quantify metrics, such as (gaming) culture, spending behavior, and other societal factors.

Global Games Market Report Methodology

Global Financial Company Analysis

Game revenues of public and non-public companies

Population & Economic Census Data

Projecting organic growth on a local and global scale

Primary Consumer Research in Key Countries

Understanding playing and spending behavior

Partner Data

Actual download, revenue, and play time data

Local Data Validation

With commercial companies in specific countries

Third-Party Research

Reported on a local and global scale

Global Games Market Model



Players(#)

Share of Paying Players (%)



Payers (#)



Money (#)

Avg. Spend/Paying Player (\$)

Terminology

Definition of Main Terms

Augmented reality. A technology that supplements real-life views of users with computer-generated sensory input as images or sounds.

Big spenders. Payers that spend an average of \$25 per month on gaming content per platform on PC, mobile, or console.

Boxed full-game revenues. Revenues generated by the sales of games or game-related content delivered on physical storage media (i.e., discs or cartridges). Also includes physical copies ordered in online stores.

Browser PC games. Games played on casual game websites or social networks.

Cloud gaming. Also referred to as gaming on demand, cloud gaming is the ability to play a game on any device without owning the physical hardware required to process it or needing a local copy of the game itself.

Compound annual growth rate (CAGR). The constant growth rate over a period of years. In this report, all CAGRs are based on the years 2018-2023.

Console games. Games played on a TV screen directly or through a console, such as Xbox, PlayStation, and Nintendo, or on handheld devices, such as a Nintendo DS or PS Vita.

Digital full-game revenues. Revenues generated by the sales of games or game-related content purchased directly from an online store and delivered through a digital download, e.g., the PlayStation Store, Xbox Store, Steam, and Tencent WeGame.

Downloaded/boxed PC games. PC games downloaded from websites or services (i.e., Steam or Epic Games Store) or purchased as a boxed product (CD/DVD), including client MMO and MOBA games.

Esports. Competitive gaming at a professional level and in an organized format (a tournament or league) with a specific goal (i.e., winning a champion title or prize money) and a clear distinction between players and teams that are competing against each other.

Free-to-play (F2P) games. Games that are (legally) free to download and play, very often offering in-game spending opportunities.

Game enthusiasts. All people who engage with gaming content through playing, viewing, and/or owning.

Game revenues. Consumer revenues generated by companies in the global games market, excluding hardware sales, tax, business-to-business services, and online gambling and betting revenues.

Games as a service. Also known as GaaS, games as a service provides game content or access to games on a continuous revenue model, e.g., via a game subscription service or a season/battle pass.

Highly engaged players. Players that indicate they spend a minimum of 15 hours per week playing on a PC, mobile, or console.

In-game revenues. Revenues generated through the sales of in-game items, including expansion or content packs, cosmetics/skins, power-ups, time savers, loot boxes, playable characters, content passes for a one-off fee (battle/season pass), in-game currencies, content passes for a recurring fee, and reward passes.

Mobile phone games. Games played on tablets or smartphones.

Online population. All people within a country/market or region who have access to the Internet, via a computer or mobile device.

Payers. All people who have spent money to play games on a PC, console, a mobile device, or cloud gaming service in the past six months.

Pay-to-play (P2P) games. Games paid for upfront or paid subscription-based games.

Peripherals. Gaming-related hardware products that are used for gaming, such as gaming mice, keyboards, headsets, controllers, or monitors.

Players. All people who played (digital) games on a PC, console, a mobile device, or cloud gaming service in the past six months.

Spend/payer. Annual average revenue generated per payer (Game revenues/Payers).

Subscriptions revenue. Revenues generated by periodical fees paid for subscriptions to gaming content. A service a user can access by paying for a pre-determined time period. In this report, the term is used in the context of a game subscription service, which is a service that offers access to software content without providing the platform/hardware access that a cloud gaming service provides.

Tablet games. Games played on an iPad or any other such tablet.

Virtual reality. The computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment, such as a headset with a screen inside or gloves fitted with sensors.

Newzoo's Gamer Personas

Gamer Persona. A new way of segmenting game enthusiasts across their playing, viewing, and owning behavior.

All-Round Enthusiast. Consumers who love playing games, watching gaming video content, and owning gaming-dedicated hardware, but don't quite reach the same levels as Ultimate Gamers in terms of hours or dollars spent.

Backseat Viewer. Consumers who watch plenty of gaming video content/esports on Twitch and YouTube but hardly ever play games.

Conventional Player. Consumers who tend to prefer playing much more than viewing gaming content, which may lead to lower engagement levels with the overall gaming ecosystem (compared to All-Round Enthusiasts).

Hardware Enthusiast. Consumers who are archetypal technology aficionados. Frequent first-adopters, they like to either build their own computers or try out new gadgets (e.g., VR headsets or smartwatches).

Lapsed Gamer. Consumers who are currently a non-game enthusiast. They have played in the past but are currently not engaging with gaming whatsoever. They can be reactivated; more than a quarter of them intend to play games in the foreseeable future.

Popcorn Gamer. Consumers who play a little but enjoy watching gaming content far more.

The Subscriber. Consumers who enjoy high-quality game experiences, preferably free-to-play or discounted titles, but only spend on hardware when necessary.

Time Filler. Consumers who play games, typically on mobile, to pass the time but never watch video content of games. Nearly a third of all female game enthusiasts fall within this group.

Ultimate Gamer. Consumers who love all things gaming—playing, owning, and viewing—and dedicate much of their free time and disposable income to the pastime.

2.

The Global Games Market



These estimates are from June 2020. We review these quarterly and update them if needed here: [newzoo.com/key-numbers](https://www.newzoo.com/key-numbers).

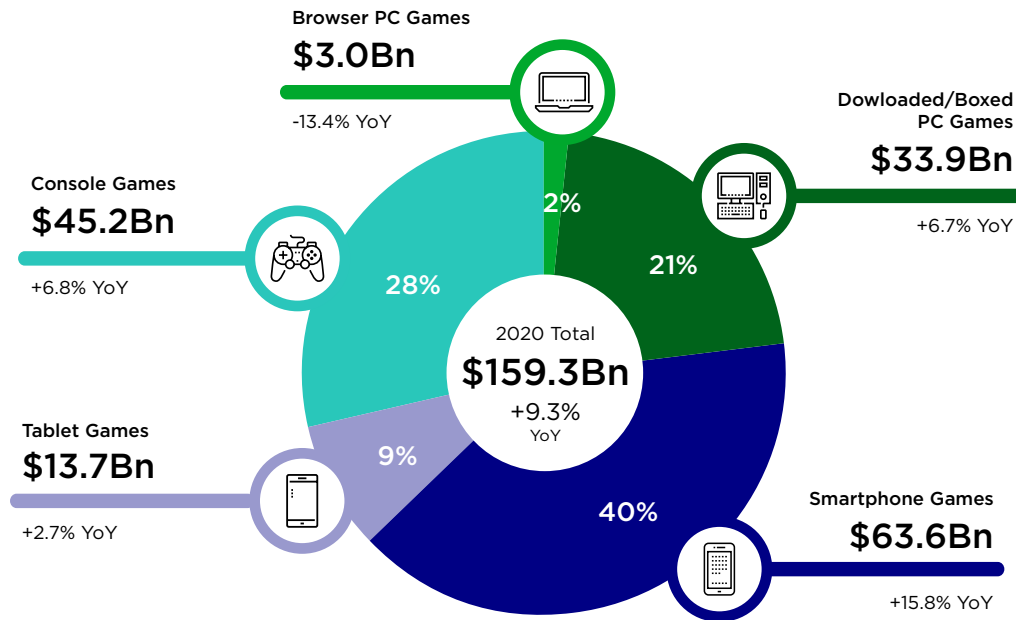
The Global Games Market 2020

An Overview per Region and Segment

The global games market will generate revenues of \$159.3 billion in 2020, a +9.3% year-on-year increase. The following section emphasizes how these revenues are divided per region and segment

- A significant driver of this year's growth is a heightened interest in gaming as a result of COVID-19's lockdown measures. The launch of the next-generation consoles toward the end of the year is another key contributor.
- Mobile gaming (including both smartphone and tablet) remains the largest segment in 2020, with revenues of \$77.2 billion and growing +13.3% year on year. The fastest-growing mobile gaming ecosystems are in emerging markets in the Asia-Pacific region and the Middle East and Africa. However, the Americas, Europe, and China will also enjoy strong growth.
- On PC, browser game revenues will continue to decrease as more gamers convert to mobile gaming. In 2020, browser revenues will decline -13.4% year on year. Downloaded/boxed PC games will generate \$33.9 billion this year.
- Engagement and revenues on console are set to grow due to the lockdown measures, at least in the short term. COVID-19 is also having adverse effects on console gaming, as physical distribution, massive cross-company collaboration, and certification are a significant part of console game development. These factors, along with the continued shift toward the games-as-a-service business model, will drive 2020's console game revenues to \$45.2 billion, growing at +6.8% year on year.
- The current console generation of Xbox One and PlayStation 4 is coming to an end this year, meaning the installed base for these consoles is at its highest. The Nintendo Switch continues to be successful.
- Markets in the Asia-Pacific region will generate \$78.4 billion in 2020, up +9.3% year on year, accounting for almost half of all global game revenues.
- In 2020, the Middle East and Africa region will grow the fastest year on year, up +14.5% from 2019.

2020 Global Games Market Per Segment



All game segments saw an increase in engagement and revenues, mostly due to COVID-19 lockdown measures, but mobile gaming saw the biggest increase (+13.3% year on year). As mentioned, mobile will be the largest segment again by far (\$77.2 billion). There are several reasons mobile will enjoy more growth than both PC and console gaming: it has the lowest barrier to entry, there is a spillover effect from the shutdown of PC cafés in specific markets, and mobile suffers the least impact from game development due to relatively low complexity compared to PC and console gaming. We expect engagement for mobile games to rise more rapidly than revenues. After all, it is infamously difficult to convert mobile players into payers. Overall, there will be 2.6 billion mobile gamers in 2020, of which just 38% will pay for games.

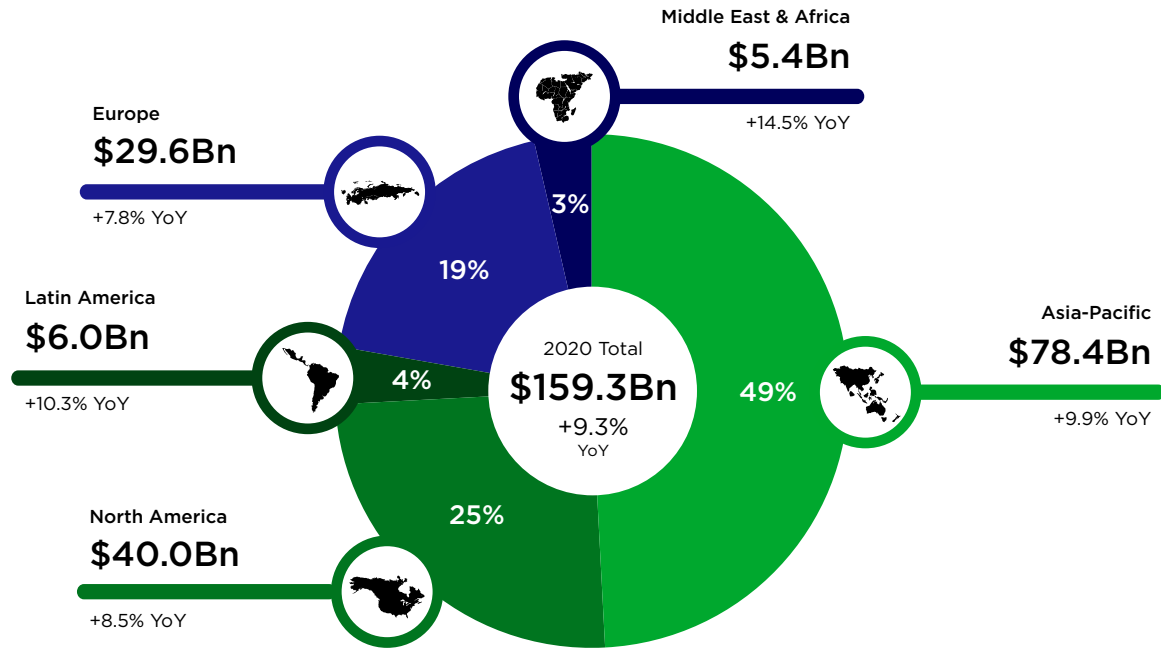
Console is 2020's second-largest segment, growing +6.8% year on year to \$45.2 billion. Growth in the console market has slowed down significantly compared to the heights it reached in 2018. Anticipation for the next-gen consoles already led to lower-than-expected spending on console last year; this has spilled over to 2020.

In total, PC games will generate \$36.9 billion in 2020, making it the third-largest segment. Growth in downloaded/boxed PC games is partially offset by declining browser PC revenues, as browser gamers have mostly transitioned to mobile.



Find this data for 6 regions and 30 countries/markets in the full report.

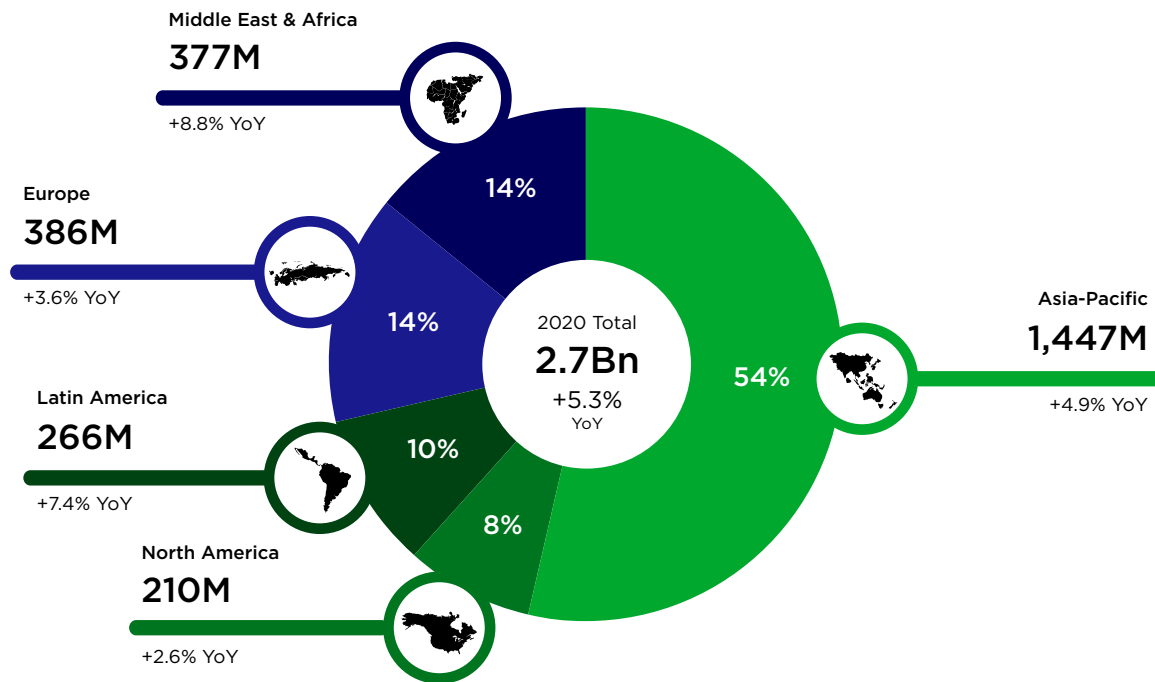
2020 Global Games Market Per Region



This year, Asia-Pacific will generate game revenues of \$78.4 billion, accounting for 49% of the global games market. This represents a year-on-year growth of +9.9%. North America will again be the second-largest region by game revenues, making up a quarter of 2020's total global games market (\$40.0 billion). This represents an +8.5% increase from last year, the second-slowest year-on-year growth rate of any region. With its year-on-year growth of +7.8%, Europe is the slowest-growing games market, producing revenues of \$29.6 billion in 2020 and representing just under a fifth of the global games market.

Both Europe and North America are very mature gaming markets, so their lower growth rates—relative to more emerging markets—makes sense. Meanwhile, Latin America will make up 4% of the games market this year, increasing +10.3% year on year to \$6.0 billion.

2020 Global Players Per Region

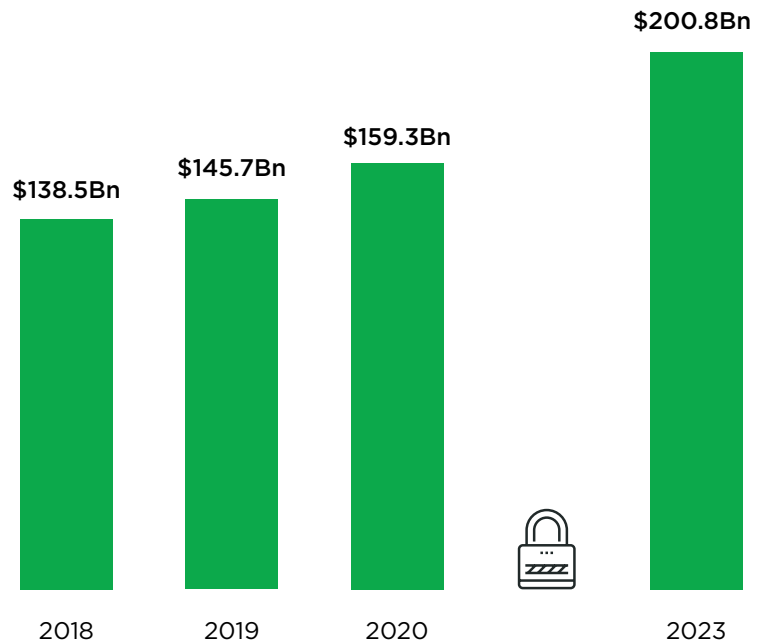


By the end of 2020, there will be a total of 2.7 billion players across the globe, an increase of more than 135 million from the previous year. The Asia-Pacific region, with 1.4 billion gamers, will account for more than half (54%) of all players worldwide. East Asia (China in particular) drives Asia-Pacific’s high player numbers. North America will have the fewest players of any region this year, making up 8% of the entire market. Meanwhile, Europe and the Middle East and Africa region will each account for 14% of players worldwide.

Key Developments Toward 2023

- We forecast the games market will grow from 2018 with a +7.7% CAGR to cross the \$200-billion mark by the end of 2023, reaching \$200.8 billion.

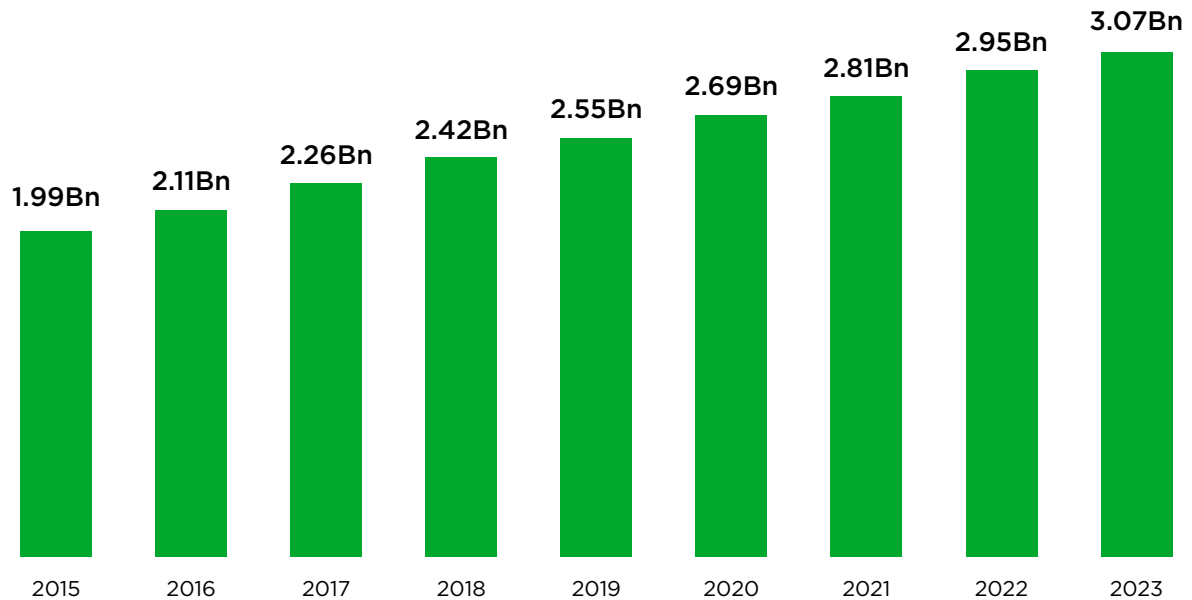
Global Game Revenue Forecast
Toward 2023



Find the complete 2018-2023 revenue forecast in the full report.

Global Player Forecast

2015-2023



The year 2023 will mark a major milestone for the global games market. That year, the total number of players will surpass the three-billion mark, representing a CAGR (2015-2023) of +5.6%. Naturally, growth markets are adding more to this player growth than more mature markets. In 2019, for example, the number of players in the Middle East and Africa outpaced the number in North America. In 2022, the Middle East and Africa will have surpassed even Europe’s player numbers. Asia-Pacific, which also contains many growth markets, has also been steadily increasing its majority over time; the region accounted for 53% of global players in 2015, growing to 54% in 2017, and will increase even further to 55% by 2023.

3.

Key Global Trends

Global Games Market Trends

Introduction

The following section provides an overview of trends that will shape or continue to shape the games market in the coming years. We revisit trends explored in previous years if there has been a significant shift in the driving forces or market impact of the trend. Other topics, such as the use of nostalgic content in gaming, we will not reexamine. However, they remain relevant to the direction in which the market is growing.

1. Ready Player One: Is Gaming the New Breed of Social Media?

Gaming has always been an inherently social experience. Arcades and console couch co-op games are early prototypes that demonstrated this socialness in action, but players have always congregated (physically and digitally) to discuss strategies and lore, get recommendations, and compete for high scores. At its core, gaming is a universal language connecting people through a shared passion, shared objectives, and shared experiences.

As connectivity technology blossoms, gaming platforms such as Steam and—more recently—Twitch have organically grown into fully fledged, fully functional social networks. Beyond the gaming platforms, dedicated gaming subcultures can be found across Reddit, Twitter, Weibo, WeChat, and Facebook. In the past, these corners of the gaming Internet mostly catered to niche audiences, but now they are broadly recognized as official discussion forums.

The past decade has seen gaming truly entering the mainstream. Thanks in part to the emergence of mobile gaming, it is increasingly difficult to find someone between the ages of 12 and 30 who doesn't play games—especially in Western and Asian markets. For these younger generations, games are replacing social networks as the go-to digital destinations to meet and socialize with friends. This cultural shift, among other reasons, is driving Facebook, Google, Amazon, and the other tech giants to enter gaming in bigger ways than ever.

Ten years ago, younger generations were leaving behind traditional media for social media; today, they are leaving behind social media for more interactive experiences. After all, many game worlds are more immersive than social media apps. Gaming's feedback loop is often more instant, more satisfying, and in many respects, more social. The use of voice chat services in game and out of game (i.e., Discord) has never been more popular. For many, even the game itself becomes a second thought; the success of Fortnite's Party Royale so far showcases that using the game as a backdrop to simply "hang out" is enough to drive engagement. In addition, the richness of gaming worlds—as well as their highly engaged digital inhabitants—presents

an unmissable opportunity for brands and marketers hoping to target younger, hard-to-reach groups, as long as the promotion is fitting for the audience in question.

The COVID-19 lockdown measures led most consumers to seek alternative ways to socialize. Many of these consumers landed on gaming, with groups of friends across all ages now using games as social hubs during the pandemic. Simple online gaming platforms are seeing unprecedented levels of engagement, while the sharing- and social-focused *Animal Crossing: New Horizons* broke sales records (largely due to its social nature). Simply put, it may be challenging for big social media platforms to retain younger users if they do not provide a pathway to deeper engagement. To that end, social networks are now investing in games and exploring the opportunities they unlock.

Metaverse: From Science Fiction to Reality

Gaming worlds are not just replacing social media: they are also proving to be a viable alternative to real-life events, especially during the COVID-19 period. In the first six months of 2020 alone, we have seen global entertainers host concerts in *Fortnite* in front of millions of consumers, a late-night talk show host an episode via *Animal Crossing*, people celebrating weddings and graduations in game worlds, and more. While many of these activities are temporary shifts while real-life alternatives are unavailable, it undeniably showcases the potential of gaming to bring people together. COVID-19 amplified people's adoption of gaming as a medium to simulate shared life experiences. Improvements to technology are also pushing virtual experiences forward, as we are fast approaching a point at which almost any activity, world, or event can be simulated. What's more, modern servers can provide this content to thousands of people simultaneously, and eventually, VR and AR will truly blur the lines between reality and the virtual world.

2020 has been a big year for VR, mostly catalyzed by the announcement and release of VR-only *Half-Life: Alyx*. The anticipation for the first *Half-Life* game in more than a decade contributed heavily to Oculus's sales spike, but there's more proof of people's renewed interest in VR gaming. The Oculus Quest—which does not natively support *Alyx*—briefly sold out globally in May 2020, and content sales for the device passed \$100 million the same month. Thanks to gaming, the once-impossible concept of a metaverse—a virtual space that is persistently online and active, and unlimited in scope with its own economy—is edging closer to reality.

2. New Horizons: Next-Generation Consoles Will Bring New Business Models

The Xbox Series X and PlayStation 5 console generation is on track to significantly change the landscape of the games business. Microsoft—and to a lesser extent, Sony—already began doubling down on service revenues this generation. Thanks in part to cloud gaming, the coming generation looks to evolve things even further, catalyzing new business models and new ways for consumers to engage with the market. In particular, the new generation will be a true testbed for cloud gaming, making steps toward a platform-agnostic games business.

Microsoft has already announced it will include its cloud gaming service, xCloud, in a special bundle with Xbox Game Pass. Meanwhile, Sony continues to experiment with new content offerings on its own subscription/cloud gaming service, PlayStation Now. If these cloud gaming services can replicate the experience of playing on a next-generation console, a monthly fee is a great alternative to a console's upfront cost. There is a whole subsection of gamers, The Subscriber persona, that enjoys playing games but is less willing to purchase hardware. Naturally, this presents an unmissable opportunity for xCloud, PlayStation Now, Google's Stadia service, and the whole host of new cloud gaming platforms appearing in the market.

Microsoft: Risks Losing Market Share Now to Reclaim It Later?

At the start of the generation, Microsoft's Xbox One had a rocky launch, and it has since been playing catch up with Sony. Now, Microsoft's innovations in the cloud and subscriptions spaces have put the company on a somewhat different path to its once-rival. Xbox head Phil Spencer admitted he doesn't class PlayStation as a direct competitor anymore. Sony even partnered with Microsoft's Azure to power PlayStation Now, which speaks volumes.

Microsoft now finds itself potentially sacrificing short-term revenues to put itself in a stronger position for the coming generation. The company is also risking its console hardware market share by putting all its first-party content on PC as well—via Game Pass for PC and Steam. As things stand, there is no unique value proposition for the Series X if consumers already own a high-end gaming PC. In the coming five years, it is unlikely that Sony will bring its content to PC on day one. Nonetheless, former PlayStation exclusives like Horizon Zero Dawn and MLB: The Show are now coming to non-PlayStation platforms, so this strategy could change in the far future.

3. Chinese Games Companies Successfully Land Abroad

The Chinese games market is the largest games market in the world, both by revenues and by number of players. It is also one of the most competitive markets in the world, particularly for mobile developers. For a long time, the market operated almost in a vacuum. It was—and is—difficult for foreign developers to enter the market, and developers with local success did not find the same response to their games internationally. Prior to 2018, Chinese mobile game studios were already eyeing the international market as the next growth opportunity. Some had occasional international success through smart investments, for example, Alibaba's investment in development studio ONEMT. Other ventures failed to make the impact they did domestically, for example, Tencent's international launch of Arena of Valor.

Throughout most of 2018, those international ambitions were put in a new light when the Chinese games market was disrupted by a nine-month-long freeze in the licensing of new games. Game revenue growth was the lowest in four years, spurring studios to do everything in their power to offset the fallout and regain the revenue growth lost throughout 2018.

The Licensing Freeze Was a Catalyst for the Globalization of China's Games Market

While the freeze has now thawed, the approval process remains slow, and a backlog of games has built up. As we reported at the time, these regulations led many Chinese game companies to shift their focus from their home market to overseas markets. Moonton found early success in Southeast Asia, while NetEase focused on Japan for expansion. Other studios such as Lilith Games and Funplus prioritized Western markets first—where average spend is usually higher—before turning to their domestic market for expansion.

Chinese studios are now recognized worldwide for their prowess in mobile game development. Western AAA publishers are enlisting their help to adapt their biggest franchises to mobile. Games under the umbrella of Chinese companies—including PUBG Mobile and Call of Duty Mobile—now dominate the international games charts, and Chinese tech giants like Tencent and NetEase are continuing to invest in Western and overseas studios that cater to markets outside of China. The recent international success is not limited to dominant names. Looking at the top-grossing games worldwide today, the results speak for themselves. With renewed belief in their capabilities to provide global gaming experiences, Chinese companies are now establishing development studios for all platforms around the globe.



4. Lockdown: A Double-Edged Sword for Engagement and Revenues in the Games Business



5. Live-Service Games: Revenues Are King, but Engagement Is the Kingdom



6. Hypercasual Games Are a Gateway for New Players



7. Time Is Money: Casual and Core Monetization Convergence Is a Lesson for the Industry



8. Consumers Become Creators: The Democratization of Game Creation



9. VR Finally Found Its AAA Killer App, but What's Next?



Find all 9 trends in the full report.

4.

Rankings

Top 50 Public Companies 2019

The top 50 public game companies generated revenues of \$124.5 billion in 2019, an increase of +5.3% from 2018's \$118.2 billion. In 2019, the 50 companies alone accounted for 85% of the entire global games market. Tencent again held on to the coveted #1 spot. In 2019, Tencent doubled down on targeting overseas markets while it monetized Chinese users via PUBG Mobile (called Game for Peace in China). Tencent's strategy paid off, its year-on-year growth rate increasing to +10% in 2019. Across the ranking, other Chinese companies—including NetEase and Perfect World—enjoyed similar returns to form after 2018's nine-month-long licensing freeze.



Top 50 Public Companies 2019

Rank	Company	HQ	Q1 (\$M)	Q2 (\$M)	Q3 (\$M)	Q4(\$M)	2019 (\$M)	YoY Growth
1	Tencent	CN	5,096	4,936	5,213	5,300	20,545	10%
2	Sony	JP	3,452	2,865	3,047	3,769	13,133	-8%
3	Apple	US	2,435	2,564	2,946	2,887	10,832	14%
4	Microsoft	US	2,243	1,980	2,219	2,831	9,273	-4%
5	Google	US	1,737	1,788	1,948	1,877	7,350	13%
6	NetEase	CN	1,725	1,665	1,680	1,690	6,759	16%
7	Activision Blizzard	US	1,706	1,279	1,107	1,749	5,841	-15%
8	EA	US	1,238	1,209	1,348	1,593	5,388	2%
9	Nintendo	JP	885	769	1,109	2,191	4,954	13%
10	Bandai Namco Entertainment	JP	909	632	726	701	2,968	2%
Total			30,762	28,404	30,852	34,446	124,464	5.3%



Find the complete text and ranking in the full report.

5.

Special Focus Topics

Next-Generation Consoles: Who Is Going to Buy Them?

At the end of 2020, Sony and Microsoft will launch their next-generation consoles. The PlayStation 5 and Xbox Series X will be the fifth generation of these iconic consoles. Together with Nintendo, these companies dominate the console market.

Whenever a new generation launches, the spending pattern of console payers follows a predictable pattern. Spending on hardware goes up with the purchase of the console, but also on peripherals like extra controllers, a new headset, or VR hardware. One of this year's key questions is how impactful the launch of these new consoles will be. For the first year of a console launch, developers and publishers face a difficult task: figuring out how much to cater to the first movers—the group that picks up the new console in the first year—and how much to invest in the majority of players that sticks with the current console.



Find the complete Special Focus Topic in the full report.

The Impact of COVID-19 on the Global Games Market

The world is going through a disruptive and unprecedented period, with the impact of the coronavirus spreading well beyond gaming. The outbreak had a massive effect on the games market in a short period, and we expect the after-effects to reverberate through the games market in the coming years.

In this special focus topic, we briefly reiterate how the outbreak affected and continues to affect the market. We then describe the range of impacts a post-COVID-19 economic downturn could have on the games market. As global economies brace for a likely post-COVID-19 downturn, it is important to understand how past disruptions—including the last recession—have affected the games market.

The COVID-19 Impact

In lockdown, more and more people are turning to games for their at-home entertainment. User activity and game revenues are setting records. We expect that uptake to have a lasting positive effect on the market. However, gaming activity and spend will (temporarily) reduce significantly once lockdown measures loosen, as we expect people to prioritize outdoor activities. Retention of new users will be a key challenge for game companies in the months to come.



Anticipating an Economic Downturn



Looking Forward: Market Effects to Watch



Find the complete Special Focus Topic in the full report.



Newzoo: The Destination for Games Market Insights

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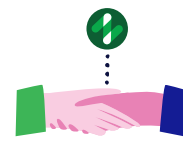
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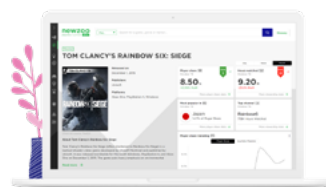


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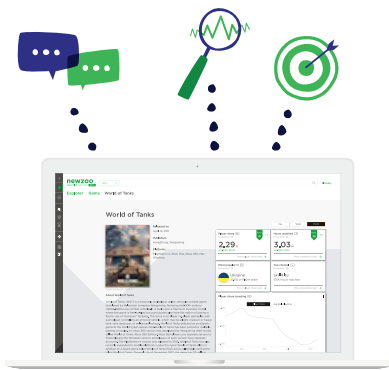
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