Global
games
market report

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FOREWORD

NEWZOO'S 2019 GLOBAL GAMES MARKET REPORT: CONTENT IS KING

We are proud to present our 2019 Global Games Market Report. Now more than ever, gaming is at the heart of the entertainment business. The way consumers engage with and through games is continually changing. Not only does this result in more overall engagement, but it also leads to entirely new segments of game enthusiasts.

Brands from every corner of the consumer-facing market are seizing the opportunity that gaming presents, especially when it comes to reaching younger generations. In the last decade alone, the years-long stigma against gamers has all but disappeared. What's more, the past year has seen many brands—including the biggest companies in apparel, automotive, and even financial services—connect with gaming in bigger and better ways than ever before.

Gaming's rise to the mainstream, particularly its shift toward more live events, professional athletes, and entertainment spectacles, presents new crossover opportunities for other sectors within the entertainment business. After all, more than 10 million enthusiasts tuned in when the popular DJ Marshmello hosted a concert within the virtual world of Fortnite. This year marks the first time that Netflix had a presence at E3, the world's largest gaming event for consumers. What's more, popular game IP is increasingly being adapted for television, and the biggest games rival Hollywood in terms of grandeur, budget, narrative, and revenues.

Business models from general entertainment and games are also becoming intertwined. Subscription-based distribution is now the de facto method of content consumption for music and TV, and gaming is increasingly embracing the model. However, content is still king and lies at the heart of any successful subscription service. This is why we foresee a content gold rush going forward, as companies vie for the rights to lucrative gaming IP. The promise of cloud gaming—allowing players to play any game anywhere, anytime, on any platform—brings us into a platform-agnostic future. In this future, we will no longer argue about what's the best console, nor the differences between PC, console, and mobile gaming. The only thing that will matter is which services offer the best gaming experiences and content.

The meteoric success of gaming is too impactful for brands to ignore, with more and more huge names, including Google and Netflix, choosing to enter the fray. Google announced its biggest move into gaming in March 2019 when it unveiled Google Stadia to the world, as well as the establishment of its own game studio. It will leverage YouTube's massive user base to drive Stadia's success, combining both video and interactive gaming content. Meanwhile, Samsung partnered with Hatch to launch a 5G-powered game streaming service in the U.S., and Apple is testing the waters for its new premium games subscription service, Apple Arcade.

At the same time, the mainstream spotlight also attracts the public eye. New models of content monetization, pioneered by games, have drawn criticism from the community and politicians alike. The nine-month freeze on game licenses in China last year was perhaps the most impactful consequence. The domestic market is well on the road to recovery, but it has certainly taken a hit, albeit temporarily. In-game monetization is now the norm in the most profitable games, even more so when subscriptions start to substitute the traditional paid game business model. For publishers, finding the right mix of business models in an extremely dynamic market, with pressure from politics and a diverse game enthusiast community, will be the biggest challenge in the coming years.

PETER WARMAN
CEO, Newzoo

1.
METHODOLOGY & TERMINOLOGY

METHODOLOGY

SIZING THE MARKET WITH A VARIETY OF DATA

Newzoo aims to provide clients 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 help clients understand 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.

The data on players and payers is mainly based on our own primary consumer research, which continues to form the basis of our understanding of consumers and games. In our primary consumer research, conducted from February to March 2019, more than 62,500 invite-only respondents across 30 key countries/markets were surveyed. The 30 countries/markets together represent more than 90% of global game revenues. Respondents were carefully selected to represent the online population in developed countries and the urban online population in selected major cities in emerging countries in Southeast Asia, Turkey, Saudi Arabia, and India. This research started in 2009 with six countries; now, it is the world's largest games-related consumer research program.

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 core city approach; that is, including only Tier 1 and 2 cities in Asia and the Middle East. In the Global Games Market Report, the total population is considered, while our Consumer Insights use the population aged between 10 and 50 or 65 years 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 Data, our primary consumer research, detailed financial information reported by more than 100 public companies, and third-party research. We also receive valuable input from clients.

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 historical 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 on the right. 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 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
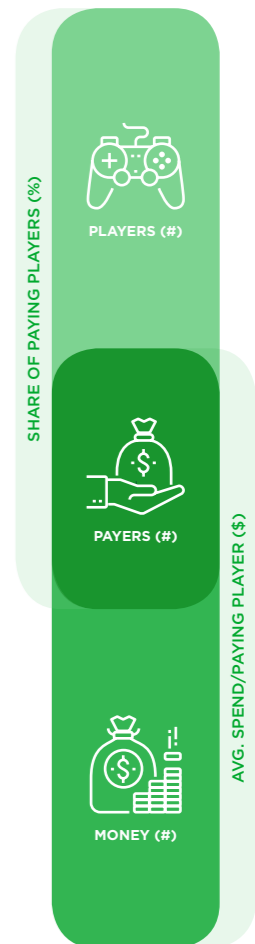*Actual download, revenue, and play time*

LOCAL DATA VALIDATION
With commercial companies in specific countries

THIRD-PARTY RESEARCH
Reported on a local and global scale

GLOBAL GAMES MARKET MODEL

SHARE OF PAYING PLAYERS (%)

PLAYERS (#)

PAYERS (#)

AVG. SPEND/PAYING PLAYER ($)

MONEY (#)

TERMINOLOGY

DEFINITION OF MAIN TERMS

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

Boxed 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 2018-2022.

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 revenues: Revenues generated by the sales of games or game-related content purchased directly from an online store, without a physical product being delivered. Digital revenues include in-game purchases, subscription revenues, and any additional downloadable content (DLC).

Downloaded/Boxed PC games: PC games downloaded from websites or services (e.g., 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, often offering in-game spending opportunities.

Game enthusiasts: All people who engage with games through playing, viewing gaming content, and/or hardware or peripheral ownership.

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

Gamer personas: A new way of segmenting game enthusiasts across their playing, viewing, and owning behavior. Please refer to the Special Focus Topic (page 23) to find the definition of each persona.

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

Smartphone games: Games played on smartphones.

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

Payers or paying gamers: All people who have spent money to play games on a PC, console, or mobile device.

Pay-to-play (P2P) games: Games that must be paid for upfront or are paid subscription-based games.

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

Players or gamers: All people who play (digital) games on a PC, console, or mobile device.

Spend per payer: Annual average revenue generated per payer (game revenues/payers).

Tablet games: Games played on a tablet (e.g., iPad).

Virtual reality (VR): 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.

2.

THE GLOBAL GAMES MARKET

THE GLOBAL GAMES MARKET 2019

AN OVERVIEW PER REGION AND SEGMENT

In 2019, the global games market will generate revenues of $152.1 billion, a +9.6% year-on-year increase. The following section provides an overview of how these revenues are divided per region and segment, and how they will develop toward 2022.

- Mobile gaming (smartphone and tablet) remains the largest segment in 2019, producing revenues of $68.5 billion—45% of the global games market. Of all mobile game revenues, 80%, or $54.9 billion, will come from smartphone games, with tablet gaming accounting for the remaining $13.6 billion.

- Growth in mobile game revenues will continue to outpace growth on PC in the coming years, resulting in a shrinking PC market share toward 2022. Mobile will also outpace console's revenue growth; still, console's market share will remain relatively static.

- On PC, browser game revenues will continue to decrease as more gamers switch to mobile games. In 2019, revenues will decrease by -15.1% year on year. Competitive play will continue to drive downloaded/boxed PC games, which will generate $32.2 billion in 2019.

- The current console generation is coming to an end, meaning the installed base for the Xbox One and PlayStation 4 is at its highest. The Nintendo Switch also continues to be successful, which will be bolstered by the upcoming new models. These factors, coupled with the continued shift toward the games-as-a-service business model, will drive 2019's console games revenues to $47.9 billion, growing at +13.4% year on year.

- Markets in the Asia-Pacific region will generate $72.2 billion in 2019, up +7.6% year on year, accounting for 47% of total global game revenues.

- For the first time since 2015, the U.S. will be the largest gaming market by revenues globally with $36.9 billion this year. Driven by growth in console game revenues, it will overtake China for the #1 position.
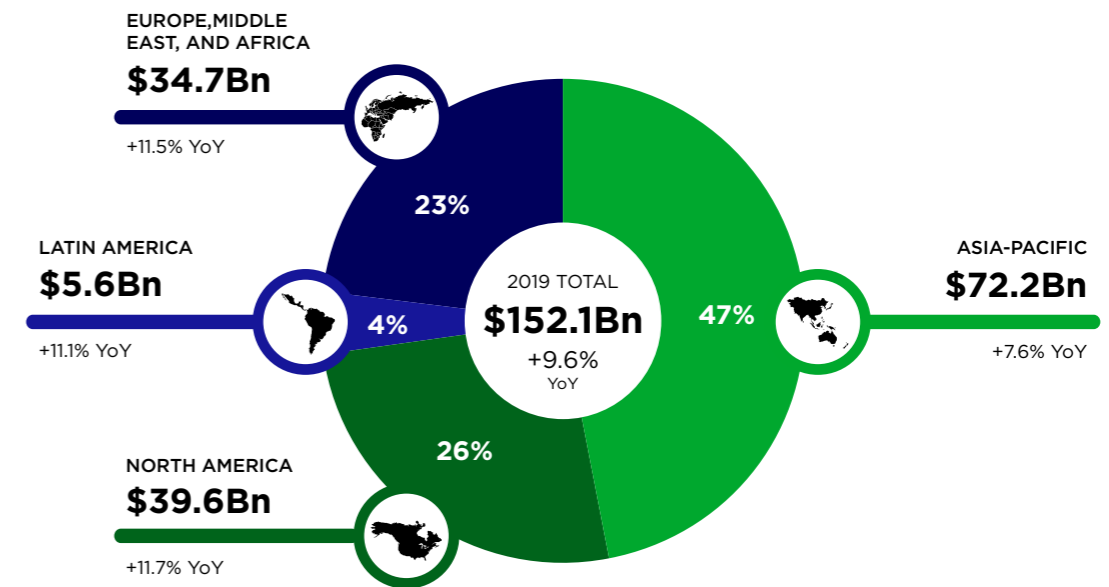
NOTE: REVENUE ESTIMATES ARE FROM JUNE 2019. WE REVIEW THESE QUARTERLY AND UPDATE THEM IF NEEDED: newzoo.com/key-numbers

KEY DEVELOPMENTS TOWARD 2022

- By 2022, the global games market will grow to $196.0 billion with a CAGR (2018-2022) of +9.0%. Owing to the licensing freeze that heavily impacted China, Asia-Pacific is no longer the fastest-growing region. Driven by improving infrastructure and an increased appetite for games and esports, Latin America is now the fastest-growing games market in the world (based on the four regions illustrated on the right), boasting a CAGR of +10.4%.

- Mobile gaming (smartphone and tablet combined) will produce revenues of $95.4 billion in 2022, growing with a CAGR of +11.3% to account for almost half (49%) of the entire games market. Revenues and growth will be driven predominantly by smartphones, with revenues of $79.7 billion by 2022 (a CAGR of +12.8%). Tablet will account for the remaining $15.7 billion. Emerging markets will contribute most to the segment's growth. However, a range of other factors will also contribute, including more cross-platform titles, more smartphone users, and improvements in hardware and infrastructure.

- Revenues generated by the console segment will reach $61.1 billion in 2022, increasing with a healthy CAGR of +9.7%. Revenues will be boosted both by the imminent release of the next-generation Xbox and PlayStation consoles, the upcoming new Switch model(s), as well as the massive installed base of the previous (now current) console generation.

- Game revenues for PC will grow at a slower pace than mobile and console revenues. Nevertheless, the overall PC gaming market will grow with a CAGR of +3.5% to total $39.5 billion by 2022. The ongoing consumer shift from browser PC games to downloaded/boxed PC games will reduce the browser segment's revenues by almost half from 2018 to 2022. Downloaded/boxed PC games will grow with a CAGR of +5.4%, generating $37.3 billion by 2022.

2019 GLOBAL GAMES MARKET
PER REGION

EUROPE, MIDDLE EAST, AND AFRICA
$34.7Bn
+11.5% YoY

LATIN AMERICA
$5.6Bn
+11.1% YoY

2019 TOTAL
$152.1Bn
+9.6% YoY

ASIA-PACIFIC
$72.2Bn
+7.6% YoY

NORTH AMERICA
$39.6Bn
+11.7% YoY

23% 4% 47% 26%

This year, the Asia-Pacific (APAC) region will produce game revenues of $72.2 billion, accounting for 47% of total global game revenues. This represents year-on-year growth of +7.6%. China's licensing freeze has had a huge impact on the region's revenue growth. Measures aiming to reduce the screen time of those under the age of 16 will also affect revenues in China. The licensing freeze impacts the mobile games market, APAC's largest segment by far, more than other segments, as it is more dependent on a steady stream of new titles.

North America will, once more, be the second-largest region (by game revenues), taking more than a quarter (26%) of 2019's total global games market with $39.6 billion. This represents a +11.7% increase from last year, the fastest year-on-year growth rate of any region. Game revenue growth in the Europe, Middle East, and Africa region (EMEA) will be slightly lower than North America's. With a year-on-year growth of +11.5%, EMEA will generate revenues of $34.7 billion this year, representing 23% of the total global games market. Meanwhile, Latin America will make up 4% of the games market, growing +11.1% year on year to $5.6 billion.

REGIONAL BREAKDOWN
OF GLOBAL GAME REVENUES
TOWARD 2022
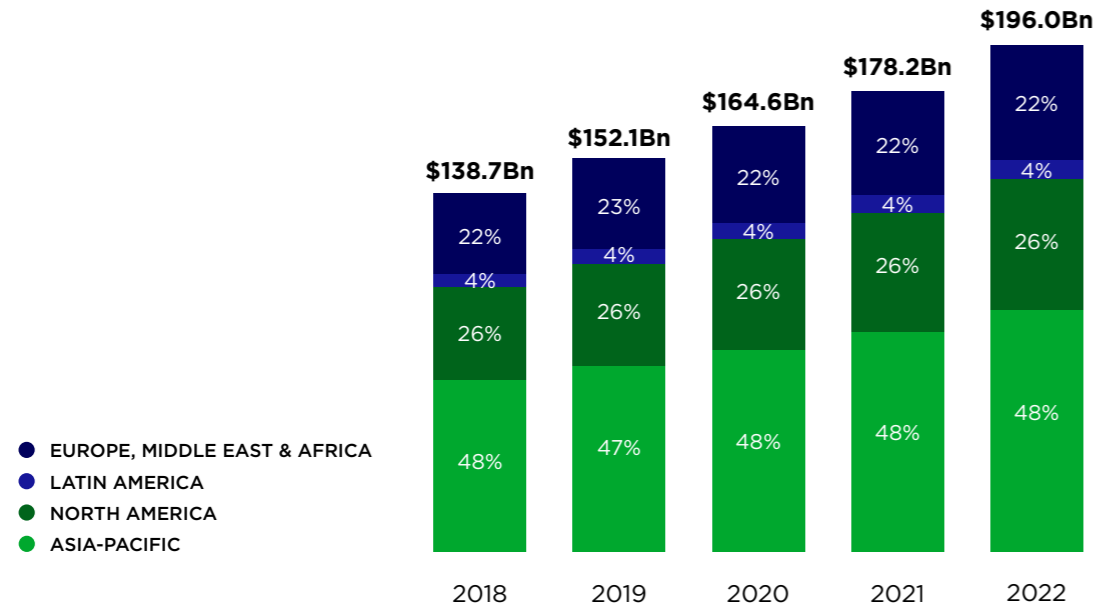
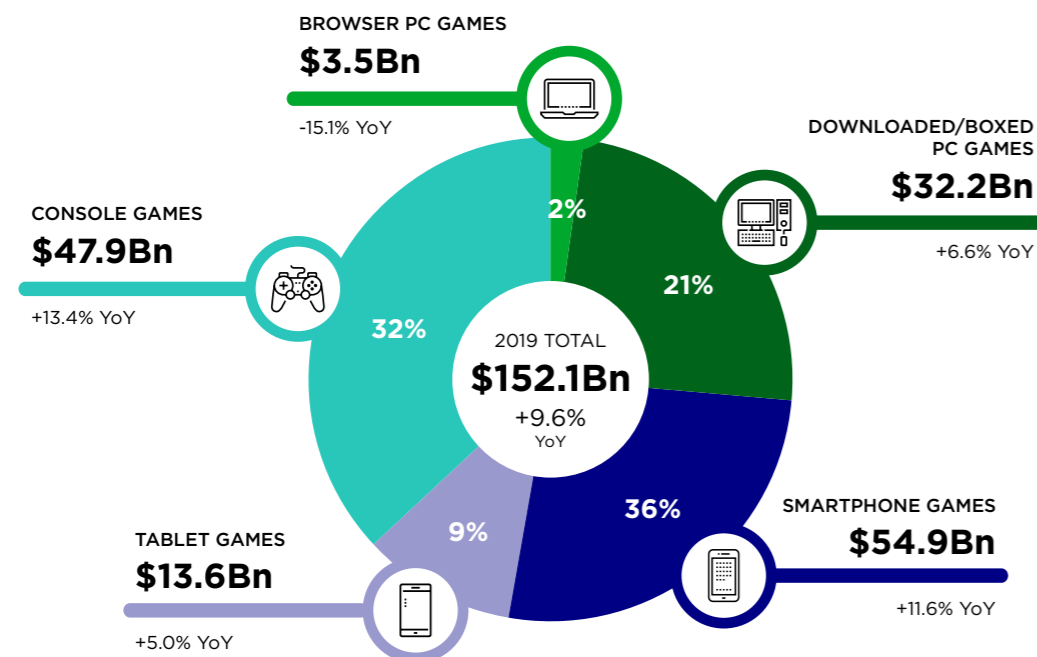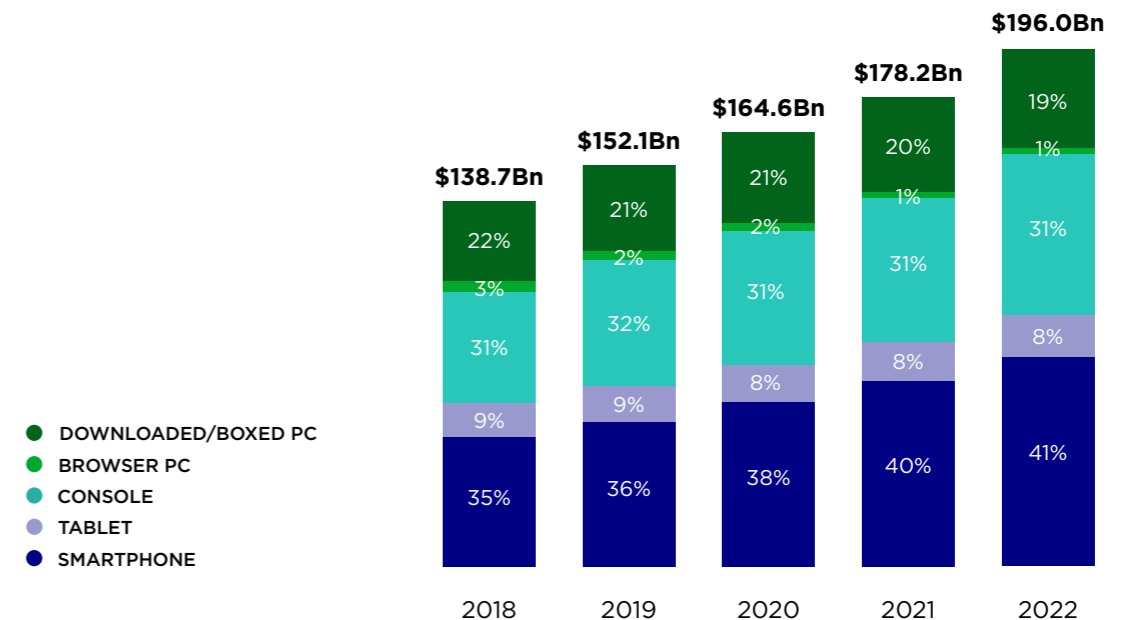In 2019, mobile will again be the largest segment, generating revenues of $68.5 billion and comprising 45% of the global games market. Of global mobile game revenues, 80%, or $54.9 billion, will come from smartphone games, with tablet gaming accounting for the remaining $13.6 billion.

Across the board, the games market is in a healthy state, with every segment showing growth. Console is the second-largest segment, boasting revenues of $47.9 billion. It will grow to $61.1 billion by 2022 with a CAGR (2018-2022) of +9.7%. In total, PC games will generate $35.7 billion in 2019, 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. Browser PC revenues will continue to decline from $3.5 billion this year to $2.2 billion in 2022, a CAGR (2018-2022) of -14.7%.

Legend:
- EUROPE, MIDDLE EAST & AFRICA
- LATIN AMERICA
- NORTH AMERICA
- ASIA-PACIFIC

	2018	2019	2020	2021	2022
Total	$138.7Bn	$152.1Bn	$164.6Bn	$178.2Bn	$196.0Bn
EMEA	22%	23%	22%	22%	22%
LATAM	4%	4%	4%	4%	4%
N. America	26%	26%	26%	26%	26%
Asia-Pacific	48%	47%	48%	48%	48%

2019 GLOBAL GAMES MARKET
PER SEGMENT

- BROWSER PC GAMES $3.5Bn −15.1% YoY — 2%
- DOWNLOADED/BOXED PC GAMES $32.2Bn +6.6% YoY — 21%
- CONSOLE GAMES $47.9Bn +13.4% YoY — 32%
- 2019 TOTAL $152.1Bn +9.6% YoY
- TABLET GAMES $13.6Bn +5.0% YoY — 9%
- SMARTPHONE GAMES $54.9Bn +11.6% YoY — 36%

SEGMENT BREAKDOWN
OF GLOBAL GAME REVENUES
TOWARD 2022

Legend:
- DOWNLOADED/BOXED PC
- BROWSER PC
- CONSOLE
- TABLET
- SMARTPHONE

	2018	2019	2020	2021	2022
Total	$138.7Bn	$152.1Bn	$164.6Bn	$178.2Bn	$196.0Bn
Downloaded/Boxed PC	22%	21%	21%	20%	19%
Browser PC	3%	2%	2%	1%	1%
Console	31%	32%	31%	31%	31%
Tablet	9%	9%	8%	8%	8%
Smartphone	35%	36%	38%	40%	41%

3.

KEY GLOBAL TRENDS

4 . A LINK TO THE PAST: PUBLISHERS CAPITALIZE ON NOSTALGIA

Nostalgia has always been a key selling point in the games market, with some of the biggest franchises today, including Mario, Final Fantasy, and Pokémon, born as far back as the early 1980s. Looking to capitalize on consumers' nostalgia, companies are rereleasing and remaking retro content—and even hardware—from years gone by.

Porting older games to current hardware has always been commonplace; for example, Nintendo has traditionally ported its older titles to its handheld consoles, such as the Game Boy (Color/Advance), and to console via its Virtual Console and now Nintendo eShop. In the previous console generation (Xbox 360 and PlayStation 3), HD remasters were a possibility. Many publishers realized that consumers are willing to repurchase older titles at a discounted rate for upscaled or slightly updated visuals.

However, the current console generation has seen publishers moving away from rereleases and remasters toward outright, from-the-ground-up remakes, released at premium price points. Two beloved PlayStation platformer franchises from the 90s, Crash Bandicoot and Spyro the Dragon, have seen major success here. Activision now owns the rights to these IPs and remade the first three main games from both franchises in two trilogy collections: the Crash Bandicoot N. Sane Trilogy and the Spyro Reignited Trilogy, respectively. Similar remakes include 2018's Shadow of the Colossus and Ratchet & Clank on PlayStation 4, Pokémon Let's Go Eevee and Let's Go Pikachu on the Switch, and Resident Evil 2. Each has seen critical and commercial success. There are many highly anticipated remakes on the horizon, such as Final Fantasy VII and Crash Team Racing Nitro-Fueled. Blizzard is getting involved in the PC space with Warcraft III: Reforged and World of Warcraft Classic.

Blizzard's upcoming remakes show that capitalizing on nostalgia goes beyond short-term profit. Remakes or remasters can reignite the passion players have (or had) for franchises and allows the publisher to bring these beloved franchises to a modern era, potentially extending the timeline of these games for another decade or more. It also offers an opportunity to modernize the revenue model of these classic titles.

Capitalizing on nostalgia offers publishers the chance to monetize games far beyond the initial success of the game but commercial and critical success isn't the only benefit for publishers. Remaking games in this manner is less time consuming and more cost-effective than designing an entirely new title. After all, the developers already have a foundation, including character design, level layout, and story, from which to build. This provides another way for companies to produce stable revenue alongside games-as-a-service offerings. It also repurposes older content for new and younger audiences, who expect to see high-fidelity visuals in games.

MINI RETRO CONSOLES TOOK THE MARKET BY STORM, BRIEFLY

On the hardware front, Nintendo kick-started a trend of companies releasing smaller versions of retro consoles, with the release of the NES Classic Edition in November 2016. It was an unexpected success and consumer demand was far higher than the initial supply, leading the company to manufacture more. Nintendo followed this up with the Super NES Classic Edition in 2017. This success inspired Sony to release the PlayStation Classic in 2018 and Sega to announce the Sega Genesis Mini (Mega Drive mini in Europe) for release in September 2019. Most recently, Capcom announced the Capcom Home Arcade, another plug-and-play arcade system including 16 classic titles and the original controller layout from 80's-style game arcades. However, consumer demand for these smaller retro consoles already seems to be diminishing. Also, since modern consoles often come with backward compatibility, we expect the market for hardware re-releases to be limited and for retro and nostalgic software re-releases and remakes to have more of a role to play in the games market going forward.

7. THE PERFECT STORM: CLOUD GAMING TAKES OFF

Just as mobile gaming expanded the market by making games accessible to billions of people across the globe, cloud gaming has the potential to expand the market for premium games beyond the current console and PC audience. Cloud gaming presents an opportunity that was unattainable just 10 years ago: any game can be played on any device without the consumer having to own the physical hardware required to process the game. As the tech continues to improve and cloud gaming grows, we expect an increase in the overall demand for games as new consumer groups enter the ecosystem. We also expect to see challenges and innovations in business models, game development, content discovery, engagement options, and even shakeups to gameplay itself.

The past year has seen some key players unveiling cloud gaming platforms. Faster Internet and the imminent release of 5G make the technology feasible in more markets than ever, and companies are striking when the iron is hot. Microsoft, for example, announced Project xCloud in October 2018, leaning heavily on this innovative new tech for the upcoming console generation. Earlier this year, Google unveiled Stadia, marking the tech giant's biggest foray into the games business (outside the Google Play Store). Google is leveraging YouTube's popularity with Stadia, including a button that shares directly to the video-streaming platform, as well as the ability for players to join streamers' games. Google also announced its first-party development studio that will create Stadia-exclusive content. Of course, Sony is also active in the cloud gaming space and currently operates the world's most popular cloud gaming platform, PlayStation Now, which now has more than 700,000 users.

UNLIKELY PARTNERSHIPS AND AN AMBIGUOUS FUTURE

The biggest cloud providers are Amazon Web Services (AWS), Google Cloud, Microsoft Azure, IBM, and Alibaba Cloud. Interestingly, Amazon has not yet revealed plans for a cloud gaming platform or partnership, despite being one of the world's largest cloud providers. Moreover, Microsoft and Sony signed a memorandum of understanding, with both companies agreeing to work together on their respective cloud gaming solutions. This means that Sony's cloud gaming platform will be powered by Microsoft's Azure. While this seems an unlikely partnership, as Sony and Microsoft have been rivals in the console space since the mid-2000s, the two companies are consolidating their efforts in part to offset the looming threat of Google Stadia.

All in all, cloud gaming is due to disrupt the market in some significant ways, including new features for consumers, new content-delivery methods, and potentially new pricing models. We dive even deeper into these areas in the Special Focus Topics section in the paid version of this report.

10. INSTANT GAMES: BRIDGING THE GAP BETWEEN GAMING AND SOCIAL MEDIA

Instant game platforms are becoming popular across the globe. In China, Tencent's WeChat mini games are most prominent, already solidifying themselves within the Chinese games ecosystem. In the West, Facebook Instant Games shows great potential. This has led to other Western-focused platforms, such as Snapchat, introducing similar instant games. In China, Tik Tok is also beginning to introduce them.

MINI GAMES ROSE TO PROMINENCE IN CHINA FOLLOWING THE MINI-PROGRAM REVOLUTION

Mini programs were first introduced to Chinese smartphone users at the end of 2017. Since then, they have grown into an integral part of many residents' lives. Suitable for apps with low-frequency usage, mini programs are less work to design and develop compared to traditional mobile applications. Unlike app stores, where extremely popular apps generate most revenues, the more widespread distribution of mini programs allows for each mini program to enjoy an equal chance of reaching new users. Notably, the most efficient way to acquire users is through group chat, where people share and recommend mini programs to friends. This shows mini programs' heavy dependence on social networks. Game developers in China have already seen huge potential in this market, with WeChat starting to monetize mini games on Android through rewarded video ads in April 2018.

FACEBOOK INSTANT GAMES SHOWS STRONG POTENTIAL

Facebook is the world's biggest social media platform. More than 2.3 billion people use it each month, with more than 1.5 billion people logging in daily. The tech giant has been involved with gaming to varying degrees throughout the past decade, but Facebook Instant Games hints at the company's plans to leverage its massive user base to stake a claim of the $152.1 billion global games market.

When Facebook first launched Instant Games' closed beta in November 2016, there were 17 different games available. In March 2018, however, Facebook threw open the development floodgates, opening Instant Games to any developer wanting to release a game on the platform. Now, it boasts more than 30 billion game sessions played across more than 7,000 titles. The platform has already come a long way, and all signs point to even further growth.

Facebook Instant Games is a platform-agnostic service, meaning any device compatible with the Facebook/Messenger app can also run Instant Games. Users directly access the platform's games through Facebook's News Feed, Messenger conversations, or other Facebook surfaces like the new Gaming tab. This means Facebook users can immediately start playing a game without installing another app. Of course, Facebook is an inherently social platform. Through Instant Games, playing titles together can be a seamless part of users' conversations. Therefore, social games are where Facebook Instant Games' true potential lies, and this already shows. While there are some outliers (Everwing and Slotmate), most of the platform's top-grossing titles are social games, including Words With Friends, Draw Something, 8 Ball Pool, Quiz Planet, and Uno.

It also appears that games featuring social play have far more weekly players and higher retention rates on Instant Games. This speaks volumes for the platform's potential going forward—especially given the rise of the games-as-a-service model. Most of the top-grossing mobile games, across most markets, all feature this model and the monetization options that come with it.

Adding to Instant Games' potential, gaming groups are one of Facebook's biggest and most engaged communities, with more than 100 million people actively participating in 300,000 game-related groups every month. These groups are typically conversing about all things video games. Instant Games' most popular titles, which combine gaming with online social interaction, have major potential with this group in particular.

THE PLATFORM'S POTENTIAL IN EMERGING MARKETS

All available titles on Facebook Instant Games were built in HTML5, meaning no downloads are necessary, and users can access games regardless of personal device/network constraints. This gives the platform much growth potential in emerging markets, where Internet infrastructure is more limited. Similarly, Facebook Instant Games is now available on Facebook Lite, an app that allows mobile users across the world to access Facebook on low-spec devices, and quality of Internet connection is not an issue. Compatibility with Facebook Lite makes Instant Games even more accessible in emerging markets such as India, which may have a big role to play in the continued success of the platform. After all, one-tenth of the world's active smartphones are located in India, a country that will generate $1.5 billion in game revenues this year.

🔒 **1. REACHING YOUNGER AUDIENCES VIA GAMING**

🔒 **2. GAMING'S PLATFORM-AGNOSTIC FUTURE**

🔒 **3. NEW MONETIZATION MODELS FOR SERVICES**

🔒 **5. PREMIUM GAME CONTENT RETURNS TO MOBILE**

🔒 **6. NEW PC DISTRIBUTION OPTIONS EMPOWER DEVELOPERS**

🔒 **8. A VR HEADSET FOR EVERY KIND OF GAMER**

🔒 **9. PC GAMING'S UNIQUE VALUE PROPOSITION**

🎮 **FIND ALL 10 TRENDS IN THE FULL REPORT.**

4.

SPECIAL FOCUS TOPICS

NEWZOO'S GAMER SEGMENTATION™

THE NEW STANDARD FOR A NEW BREED OF GAME ENTHUSIASTS

Consumer engagement with games has changed dramatically over the past 10 years. Now more multi-dimensional and fragmented than ever, gamers aren't just playing games; watching esports and game video content is an equally important part of the puzzle. Hardware and peripheral ownership is, in many cases, another vital component for many game enthusiasts. These new dimensions of gaming demand a new segmentation that captures all its unique, passionate fans.

Personas like "casual gamers" and "hardcore gamers" don't cut it anymore, only accounting for a fraction of gamers. The old way of segmenting gamers is linear, incomplete, and offers few benefits to the games business. This is why we spent the past year pouring our consumer insights experience and games market expertise into developing Newzoo's Gamer Segmentation™ from the ground up. The result: eight unique personas that encompass all aspects of consumer engagement with games: playing, viewing, and owning. Everyone, from game publishers and hardware manufacturers to automotive and apparel brands, stands to benefit from this new standard for segmenting games enthusiasts. Brands can finally discover new personas that fit their brand, grasp a deeper understanding of their target audience's engagement patterns, and see which groups are growing the fastest and in which markets.

Each of the eight personas represents a unique type of game enthusiast in the market. The personas are mutually exclusive, meaning that a person can only belong to one persona group and there is no overlap between them. The eight personas represent every consumer in the global population of game enthusiasts, based on their preferences for playing, viewing, and owning.

THE ULTIMATE GAMER
13% of gaming enthusiasts
"Gaming is in my DNA! There are few things I love more. I spend my free time and money on games."

THE ALL-ROUND ENTHUSIAST
9% of gaming enthusiasts
"I am interested in all forms of gaming, from playing to watching and everything in between."

THE CLOUD GAMER
19% of gaming enthusiasts
"I enjoy playing high-quality games, preferably free-to-play or discounted titles. I will only spend on hardware when necessary."

THE CONVENTIONAL PLAYER
4% of gaming enthusiasts
"I do not watch other people play games much. I own plenty of hardware, so I would rather be playing myself."

THE HARDWARE ENTHUSIAST
9% of gaming enthusiasts
"I am always following the latest hardware news and trends. Whether it's for work or play, I want an optimized experience."

THE POPCORN GAMER
13% of gaming enthusiasts
"Playing video games may not be my favorite hobby, but I definitely enjoy watching others play."

THE BACKSEAT VIEWER
6% of gaming enthusiasts
"I used to game a lot. Whenever I watch a big esports event and watch others playing games, that passion is reignited."

THE TIME FILLER
27% of gaming enthusiasts
"I only game when I have time to spare or at social events. Mobile games are my go-to."

REACHING ALL SEGMENTS OF THE GAMES MARKET

Newzoo's Gamer Segmentation features target groups that fly under the radar of traditional segmentation, revolutionizing how these unique groups of individuals are understood and approached. These groups are growing fastest, and—for the most part—have plenty of disposable income to spend. This includes **Popcorn Gamers**, who typically do not play many games but love watching game video content/esports. This persona, therefore, is easier to reach through mediums like Twitch and YouTube than with in-game advertising.

Another fast-growing persona is the **Cloud Gamer**, those who enjoy high-quality game experiences, preferably free-to-play or discounted titles, but only spend on hardware when necessary. The imminent cloud gaming platforms from Microsoft (xCloud) and Google (Stadia), which do not require the consumer to buy expensive hardware, are a potential game changer for this group.

Backseat Viewers watch game video content or esports but rarely play games. Many consumers in this persona are lapsed gamers who once enjoyed playing games, but due to work and/or family commitments no longer have time to play.

Ultimate Gamers live and breathe games across all spectrums of the market (playing, owning, and viewing). In addition, these consumers are likely to have an interest in computers, electronics, and gadgets, and enjoy watching movies in their spare time. Compared to other personas, they are also likelier to live in a household with children.

The Conventional Player resembles the Ultimate Gamer of 10 years ago, before the advent of game video content and the meteoric rise of esports. Watching others play is of little interest to Conventional Players; still, they revel in staying up to date with the latest game releases and developments. Nothing will get in the way of this persona fulfilling their gaming needs, so owning the newest hardware and peripherals also a key part of their engagement.

All-Round Enthusiasts are also avid gamers, playing for many hours each week. They enjoy a holistic gaming experience, combining playing games, viewing game content, and owning dedicated game hardware. While they may not be as dedicated as Ultimate Gamers, games are still serious business for All-Round Enthusiasts. They are typically full-time workers, so paying for the newest titles and hardware is no issue.

Meanwhile, **Time Fillers** are consumers who play games, typically on mobile, to pass the time; for example, by playing a game of Candy Crush or Clash of Clans while commuting. They rarely spend more than a few hours gaming each week and don't see gaming as a major part of their lives.

Lastly, there is the **Hardware Enthusiast**. These consumers are casual about gaming and don't play many games each week. When they do play games, however, hardware is vital for their experience. They simply cannot turn a blind eye to the newest gaming gear and peripherals, so they spend big on these products. And their love of computers, electronics, and gadgets extends beyond games.

The size of each persona varies per region and per country, as do the demographics per group. Using our Consumer Insights for games, esports, and mobile, we can dive deeper into what motivates these groups to engage with games.

You can understand and explore combinations of engagement that are most common within your user base or target group. You can also grasp a deeper understanding of how people engage with games and their behavior patterns outside of gaming. For example, use our data to find out their demographics, media behavior, brand preferences, hobbies and interests, and spending behavior. The new segmentation and its personas give brands a complete picture of how modern consumers are engaging with gaming content through playing, viewing, and owning.

READ OUR CLOUD GAMING SPECIAL FOCUS TOPIC IN THE FULL REPORT.

5.
RANKINGS

TOP 35 PUBLIC COMPANIES 2018

In 2018, the top 35 public game companies generated $114.0 billion, up from $100.2 billion in 2017. Together, these top 35 companies accounted for 82% of 2018's global games market revenues—the same share as 2017. Tencent was again the top company, with revenues of $19.8 billion and year-on-year growth of +9%. Compared to the previous year (+51% from 2016 to 2017), the slowed growth for 2018 is a direct result of China's licensing freeze. The company is hoping to offset this in 2019 by monetizing its PUBG Mobile userbase through new title Game for Peace. The top five companies alone accounted for 43% of global games revenues. Console showed especially strong growth, predominantly driven by the three platform holders: Microsoft, Sony, and Nintendo.

RANK	COMPANY	Q1 ($M)	Q2 ($M)	Q3 ($M)	Q4($M)	2018 ($M)	YOY GROWTH
1	TENCENT	5,502	4,687	4,903	4,641	19,733	9%
2	SONY	3,079	3,117	3,612	4,410	14,218	41%
3	MICROSOFT	2,019	2,033	2,311	3,391	9,754	32%
4	APPLE	2,091	2,303	2,524	2,535	9,453	18%
5	ACTIVISION BLIZZARD	1,872	1,537	1,352	2,131	6,892	6%
6	GOOGLE	1,383	1,463	1,522	2,129	6,497	22%
7	NETEASE	1,346	1,546	1,590	1,694	6,177	11%
8	EA	1,582	1,137	1,286	1,289	5,294	4%
9	NINTENDO	697	730	751	2,111	4,288	36%
10	BANDAI NAMCO	807	567	693	674	2,741	13%
11	TAKETWO INTERACTIVE	450	388	493	1,249	2,580	35%
12	NEXON	803	424	615	409	2,252	8%
13	UBISOFT	666	449	416	691	2,221	3%
14	NETMARBLE	475	469	493	456	1,893	-17%
15	WARNER BROS	404	432	435	564	1,835	-5%
16	SQUARE ENIX	425	288	447	423	1,583	-9%
17	NCSOFT	366	322	330	324	1,343	-8%
18	CYBER AGENT	359	315	327	323	1,324	7%
19	MIXI	410	261	282	268	1,222	-17%
20	KONAMI	272	267	326	346	1,210	12%
21	ARISTOCRAT LEISURE	167	326	326	326	1,146	187%
22	37 INTERACTIVE	232	240	319	300	1,091	27%
23	PERFECT WORLD	197	208	206	285	897	3%
24	SEGA	184	189	219	240	832	-3%
25	CAPCOM	384	122	181	121	809	49%
26	CENTURY HUATONG	125	228	222	232	807	573%
27	DISNEY	195	193	191	216	795	-9%
28	DENA	223	191	188	175	777	-13%
29	IGG	194	194	180	180	749	23%
30	FACEBOOK	145	164	160	219	688	-3%
31	ZYNGA	162	165	168	177	671	6%
32	SEA GROUP (GARENA)	111	108	113	306	637	74%
33	GUNGHO ENTERTAINMENT	134	129	130	171	563	-19%
34	GREE INC.	138	146	132	125	540	-16%
35	YOUZU INTERACTIVE	132	121	119	146	518	5%

DISCOVER MORE RANKINGS, INCLUDING THE TOP 50 COUNTRIES/MARKETS FOR 2019, IN THE FULL REPORT.
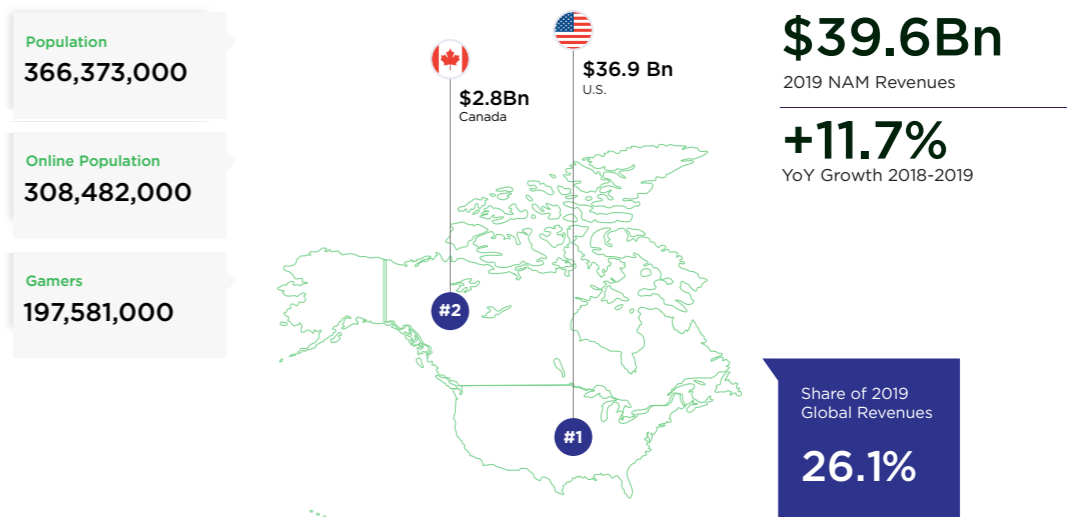
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REGIONAL OVERVIEW
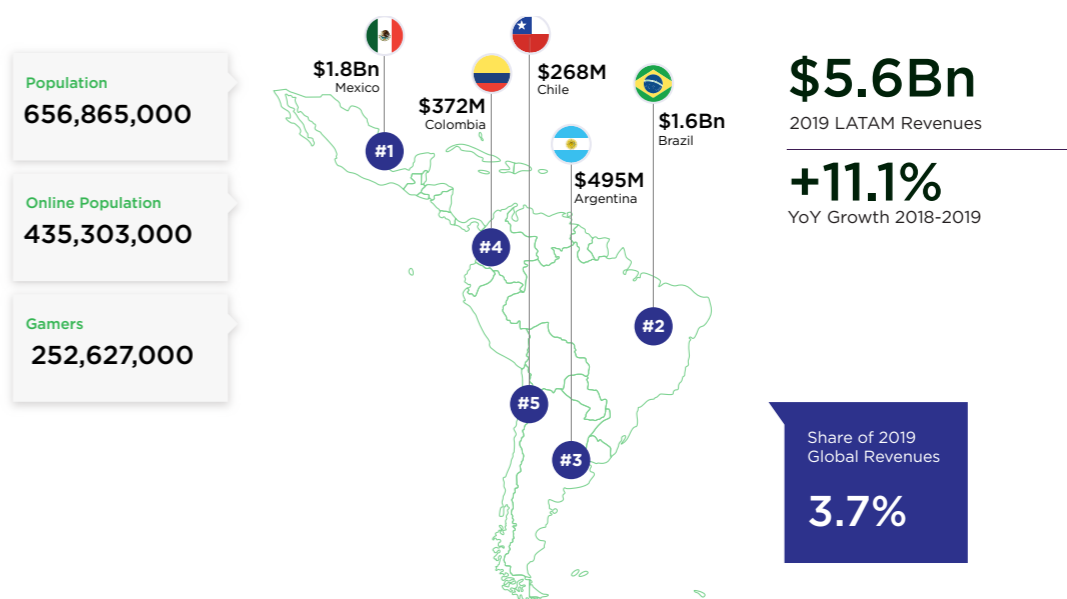
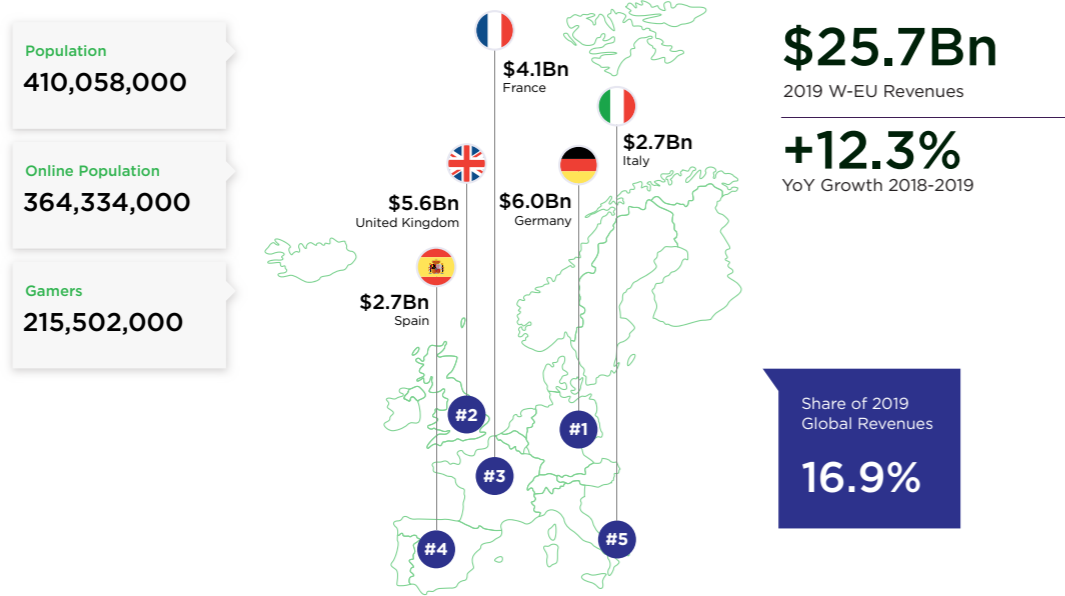**FIND DEEPER INSIGHTS, AS WELL AS DATA ON ALL 30 COUNTRIES/MARKETS, IN THE FULL REPORT.**

NORTH AMERICA

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population	Online Population	Gamers
366,373,000	308,482,000	197,581,000

$2.8Bn
Canada

$36.9 Bn
U.S.

$39.6Bn
2019 NAM Revenues

+11.7%
YoY Growth 2018-2019

#2

#1

Share of 2019 Global Revenues
26.1%

LATIN AMERICA

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population	Online Population	Gamers
656,865,000	435,303,000	252,627,000

$1.8Bn
Mexico

$372M
Colombia

$268M
Chile

$1.6Bn
Brazil

$495M
Argentina

$5.6Bn
2019 LATAM Revenues

+11.1%
YoY Growth 2018-2019

#1

#4

#2

#5

#3

Share of 2019 Global Revenues
3.7%

WESTERN EUROPE

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population
410,058,000

Online Population
364,334,000

Gamers
215,502,000

$4.1Bn
France

$2.7Bn
Italy

$5.6Bn
United Kingdom

$6.0Bn
Germany

$2.7Bn
Spain

#1 #2 #3 #4 #5

$25.7Bn
2019 W-EU Revenues

+12.3%
YoY Growth 2018-2019

Share of 2019
Global Revenues
16.9%

MIDDLE EAST & AFRICA

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population
1,754,998,000

Online Population
657,787,000

Gamers
359,539,000

$396M
Israel

$758M
Saudi Arabia

$826M
Turkey

$458M
Iran

$334M
UAE

#1 #2 #3 #4 #5

$4.8Bn
2019 MEA Revenues

+11.0%
YoY Growth 2018-2019

Share of 2019
Global Revenues
3.2%

EASTERN EUROPE

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population
352,499,000

Online Population
273,599,000

Gamers
155,559,000

$1.8Bn
Russia

$203M
Ukraine

$596M
Poland

$195M
Romania

$228M
Kazakhstan

#1 #2 #3 #4 #5

$4.2Bn
2019 E-EU Revenues

+7.4%
YoY Growth 2018-2019

Share of 2019
Global Revenues
2.8%

ASIA-PACIFIC

2019 GAME REVENUES

TOP COUNTRIES BASED ON GAME REVENUES

Population
4,130,914,000

Online Population
2,081,221,000

Gamers
1,331,242,000

$1.5Bn
India

$36.5Bn
China

$6.2Bn
Republic of Korea

$19.0Bn
Japan

$1.9Bn
Australia

#1 #2 #3 #4 #5

$72.2Bn
2019 APAC Revenues

+7.6%
YoY Growth 2018-2019

Share of 2019
Global Revenues
47.4%
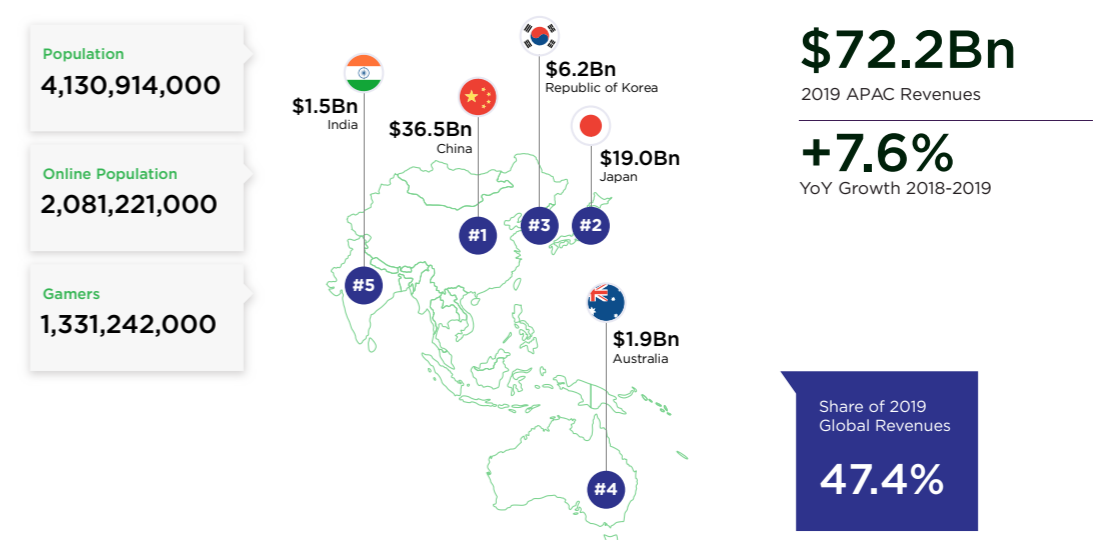
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THE FULL GLOBAL GAMES MARKET REPORT

REPORT CONTENT SUMMARY

- METHODOLOGY & TERMINOLOGY
- GLOBAL GAMES MARKET
- KEY GLOBAL TRENDS
- THIRD-PARTY RESEARCH
- RANKINGS
- SPECIAL FOCUS TOPICS
- GAMES MARKET PER REGION & COUNTRY

REGION SCOPE

- NORTH AMERICA
- LATIN AMERICA
- EASTERN EUROPE
- WESTERN EUROPE
- MIDDLE EAST & AFRICA
- ASIA-PACIFIC
- MARKET SIZING & CONSUMER INSIGHTS FOR 30 KEY MARKETS

ANALYSIS SUPPORT

TOM WIJMAN
Sr. Market Analyst

ORLA MEEHAN
Research Analyst

BENTE DE HEIJ
Client Success Director

ONLINE DASHBOARD & DATASETS

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PER YEAR

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OUR USE CASES (SOLUTIONS)

EXPLORE
- Trends
- Industries
- Markets
- Forecasts

CREATE
- Strategies
- Business plans
- New products
- Target groups

OPTIMIZE
- Marketing
- Investments
- Product dev
- Local efforts

OUR EXPERTISE

CONSUMER INSIGHTS

Understand your most valued consumers' drivers, attitudes, and behavior. Segment your audience across 30 countries/ markets using more than 200 variables.

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Metrics that come straight from the source. Track your market, optimize marketing, and product development while keeping an eye out for blue-ocean opportunities.
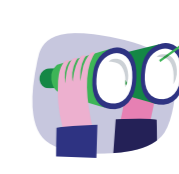
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Our landmark reports. In-depth market forecasts and trends ensure you never miss an opportunity. Includes quarterly updates and access to our forecast dashboards.

GLOBAL ESPORTS & MOBILE MARKET REPORTS
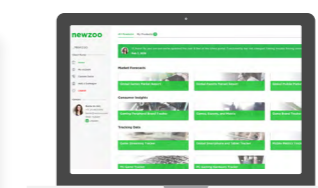
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QUESTIONS?

Tom Wijman
Sr. Market Analyst
tom@newzoo.com