GAMING: THE NEXT SUPER PLATFORM
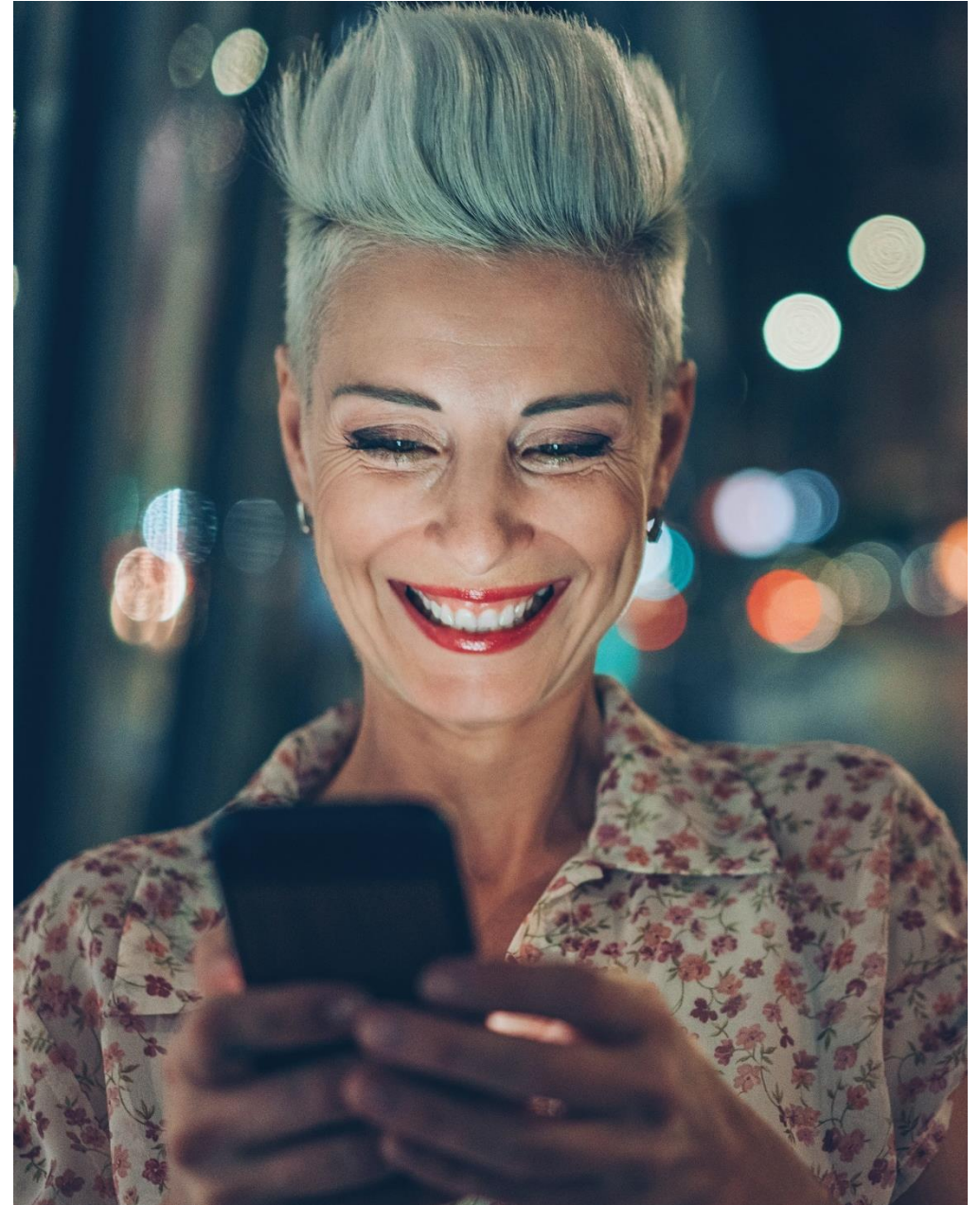
A NEW WAVE OF SOCIAL-SEEKING GAMERS IS DRIVING INDUSTRY GROWTH TO THE NEXT LEVEL

The gaming market just keeps getting bigger. It has surpassed movies and music—combined. It is popular in every corner of the globe, with all ages, and with all demographic groups. Gamers are spending more and more time engaged in play, and increasingly it's a social and community activity. The limits on this growth remain uncharted.

This ongoing market expansion has huge implications for the many businesses operating within the gaming ecosystem, including developers, distributors, content creators, and game platforms. In this overview, we explore the industry's rapidly growing revenue streams, the drivers of growth, the changing demographics of the gaming universe, and the increasing importance of gaming's social interactions.

To get started, let's consider a few numbers:

2.7 billion | the estimated number of gamers worldwide in 2021.

405 million | the number of subscribers on YouTube to the top-ten gaming influencers.
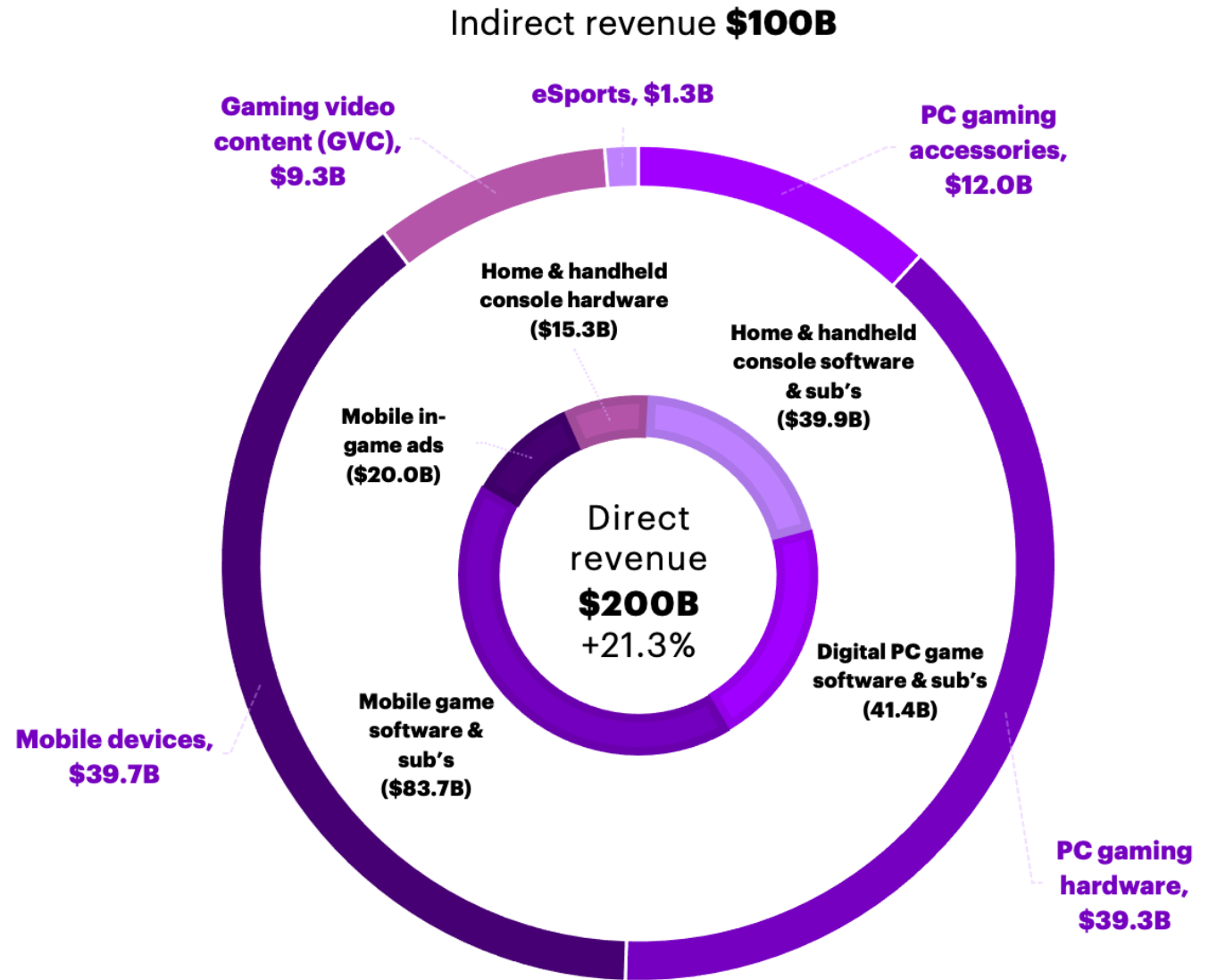
$300+ billion | Accenture's estimate of the direct and indirect value of the gaming industry – much higher than previous industry estimates.

In simple terms, these figures all add up to one thing: opportunity for those businesses ready to make the commitment.

This is the first in a series of three articles exploring gaming's explosive growth. We'll look at the factors driving the industry forward, some of the challenges that such rapid growth generates, and how gaming companies can navigate the opportunities and challenges ahead.

While gaming represents $200B in direct spend, it influences another $100B+

Indirect revenue **$100B**

- Gaming video content (GVC), $9.3B
- eSports, $1.3B
- PC gaming accessories, $12.0B
- Home & handheld console hardware ($15.3B)
- Home & handheld console software & sub's ($39.9B)
- Mobile in-game ads ($20.0B)
- Digital PC game software & sub's (41.4B)
- Mobile devices, $39.7B
- Mobile game software & sub's ($83.7B)
- PC gaming hardware, $39.3B

Direct revenue **$200B** +21.3%

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Gaming's economic reach and impact

The impact of gaming on entertainment and culture globally is also significant – spanning successful movie franchises, arena-based tournaments, toys and more. And innovations born in gaming are being widely used in other sectors too, from medical and defense to corporate training and education. In fact, one of the fastest growing parts of the Roblox platform is K-12 education.

The whole concept of gamification, now widely applied in many industries, uses game design mainstays like badges, points, and rankings to educate and engage users. Meanwhile, we're seeing gaming platforms evolve into digital social platforms where players can meet, communicate, watch live-streamed events, listen to music, and make purchases.

What's driving this massive growth?

Widespread adoption of smartphones globally is bringing in new players to the gaming world. And mobile will continue to enable new opportunities within gaming that simply didn't exist even just a few years ago.

But rather than cannibalizing existing markets for console and PC gaming, the industry has adapted by increasingly emphasizing gaming's social dimension. As this happens, we're seeing new levels of engagement, with different groups turning to online competition.

During the pandemic, for example, we saw some the world's leading race-car drivers competing online, and top chess players adopting Discord, a communications platform. Some industry leaders have recognized that gaming is no longer a product-centric industry. Instead, they're becoming continuous service-oriented businesses that put customer experience first.

And that means in order to realize its full potential, the gaming industry must balance the needs of its newest adopters – and the 400 million new gamers expected within the next few years – with the expectations of historical gaming loyalists, many of whom are still the industry's most lucrative customers.

Everywhere, all the time

So who are today's 2.7 billion gamers? To better understand their perceptions, needs, and motivations, Accenture collected data from 4,000 of them (people defined as playing video games for an average of four hours or more per week) across four of the largest markets for gaming: China, Japan, US, and UK. Combined, these markets represent 47% of all gamers globally and 64% of all direct consumer spend on gaming.

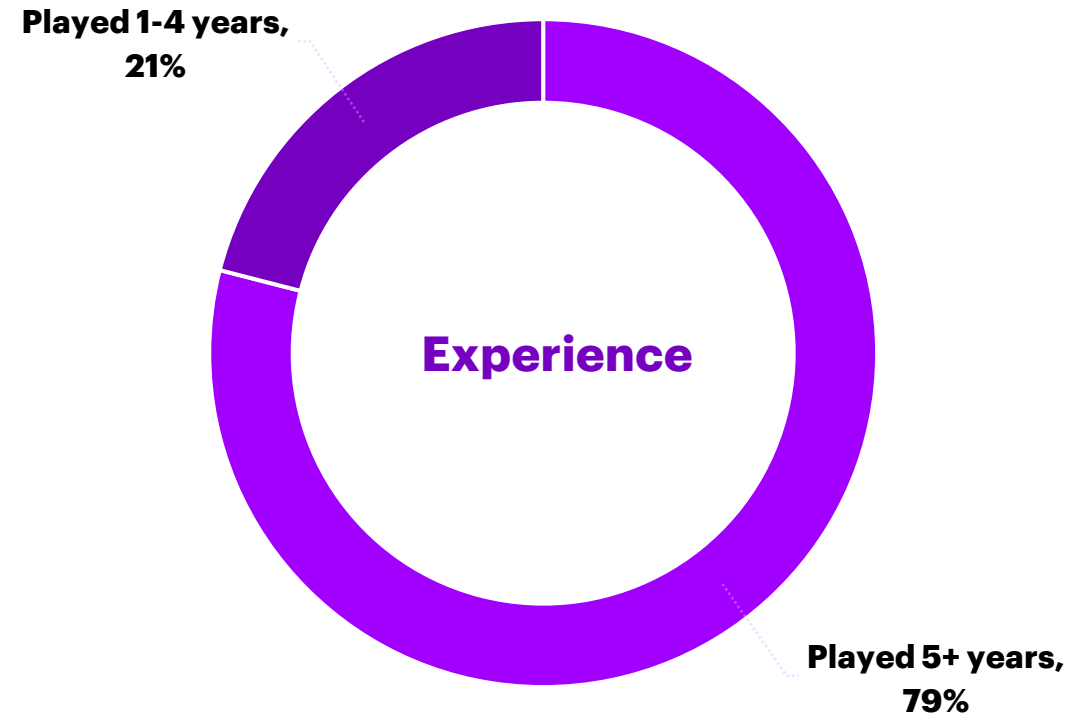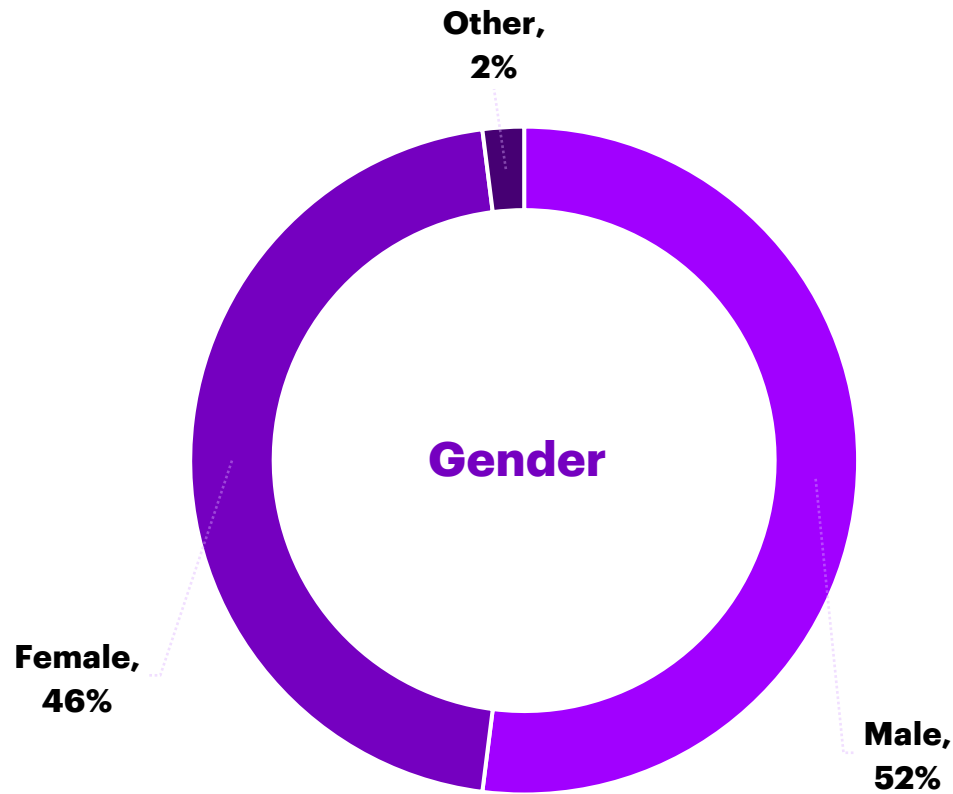| Global Rank	Country	Revenue ($B)	% Global revenue	# of gamers	% of gamers
1	China	$51B	26%	929M	35%
2	United States	$48B	24%	219M	8%
3	Japan	$24B	12%	75M	3%
6	United Kingdom	$7B	3%	40M	1%

Source: Accenture analysis .

At least 14 other markets, including South Korea, Germany, France, Canada, Italy, and Spain, generate more than $1 billion in consumer-related revenue. And gaming's popularity is surging elsewhere, particularly in Latin America, Middle East, and many southeast Asian countries with a mobile-first profile.

A new face for gaming

Our research shows that the stereotype of young men making up the majority of gamers is wide of the mark. Mainly as a result of widespread mobile adoption, there are now nearly as many female gamers (46%) as there are male (52%), with 2% identifying as gender non-binary or opting not to answer.

Gender

- Other, 2%
- Female, 46%
- Male, 52%

Experience

- Played 1-4 years, 21%
- Played 5+ years, 79%

A new face for gaming

Twenty-one percent of gamers have only been playing for four years or fewer – these are the hundreds of millions of new gamers who are helping to drive the industry's growth – especially in mobile. As they join the gaming community, they are also changing it. Their profiles are quite different – across demographic characteristics such as age, gender, and ethnicity – from those who've been playing for years.

Today's new gamers are younger on average: 32 years old vs 35 for those playing for five or more years. While 30% of new gamers are under 25, only 21% of experienced gamers fall within that age range. We also see a greater representation of females in new gamers: they account for 60% of new gamers, as opposed to 39% of experienced gamers. And one-third of new games identify as non-white, compared with only 24% of those who've been gaming for longer.

Welcome to social gaming

People are gaming across consoles, mobile devices, and PCs. While the relative popularity of different gaming genres varies by device, first-person shooter, role-playing, multiplayer online battle arena and battle royale-style games are the most popular. More than half of gamers indicate they've played cross-platform games, with new gamers (60%) significantly more likely to have done so than experienced (50%).

But just as significant as what they're playing and the devices they're using, is who they're playing with. The social side is a big and growing attraction. Eighty-four percent say video games help them connect with people who share their interests. And they're gaming to meet new people, too. That's become even more important during COVID-19, with three-quarters of gamers saying that more of their social interactions now take place on one gaming platform or another (look at Discord's massive growth during the pandemic as a platform for both gaming and social interaction). Overall, it's clear that video games have played a critical role in helping gamers to stay in touch with friends.

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Connecting with friends and meeting new people are critical to the gaming experience

Video games help me connect with others with similar interests — 84%

Video games help me to meet new people — 80%

Video games help me stay in touch with friends — 77%

It's easy to find the right community within online video games — 67%

Video games provide a safe outlet for trash talk — 44%

Percentage who agree or strongly agree with each statement

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Gamers are spending an average 16 hours a week playing, eight hours a week watching or participating in game streams, and six hours a week interacting in game forums and communities. It's not an escape from the real world. For many gamers, it's obvious that this immersive world is just as real. The distinctions between playing a game and social interaction are blurring, if not completely disappearing.

As this symbiosis between the gaming and social worlds picks up pace, we're seeing social interactions become one of the key drivers behind online gaming's impressive growth. About three in four gamers (both new and experienced) indicate that they expect online gaming to become a larger part of their experience in the future.

Gamers expect increased gaming and online interactions, finding the right fit of players is key
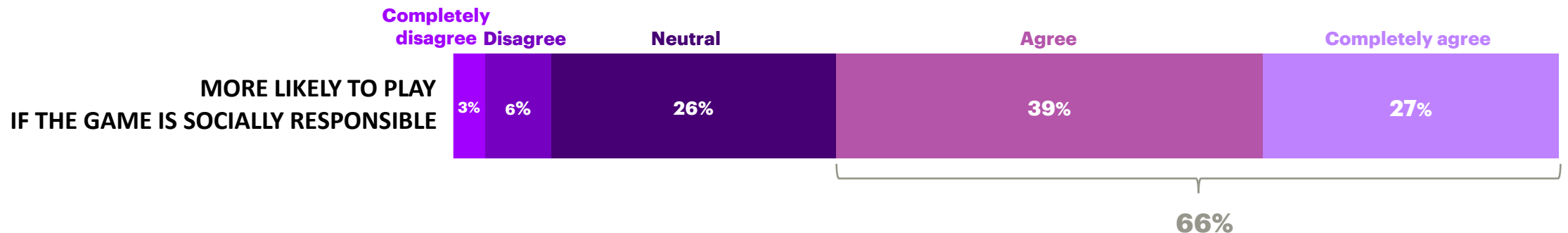
LEVEL OF ENGAGEMENT WITH THE ONLINE GAMING EXPERIENCE

It's important to find the right fit of players when playing games online — **84%**

Online gaming has become a larger part of my gaming experience over the past year — **76%**

COVID-19 has caused more of my social interactions to be conducted via gaming — **74%**

I expect online gaming to become a larger part of my gaming experience in the future — **73%**

I have been more involved in gaming communities in the past year — **68%**

Percentage who agree or strongly agree with each statement

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From product to service: new value-add user experiences win out

With gaming's explosive growth, expansion of use across demographics and increased customer desire for social interactions, gaming companies must increase their focus on the user experience. Gaming is no longer product-centric. It's a service industry and, as cross-platform and social interactions become increasingly pervasive, what users see and do will make all the difference.

	Completely disagree	Disagree	Neutral	Agree	Completely agree
MORE LIKELY TO PLAY IF THE GAME IS SOCIALLY RESPONSIBLE	3%	6%	26%	39%	27%

66%

From product to service: new value-add user experiences win out

As online and social aspects of gaming increasingly define the whole experience, the industry must speed the move from a focus on franchise IP / content to see itself in the business of providing a continuous end-to-end service – with positive customer experiences and gamer happiness the overriding priority every step of the way.

Overall, the gaming industry looks set to continue on its unbeaten run to record a winning score. But with so many diverse new gamers joining all the time, there's bound to be some challenges in creating an experience that everyone enjoys. And that's what we'll look at in the next article in this series.

About Accenture:

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