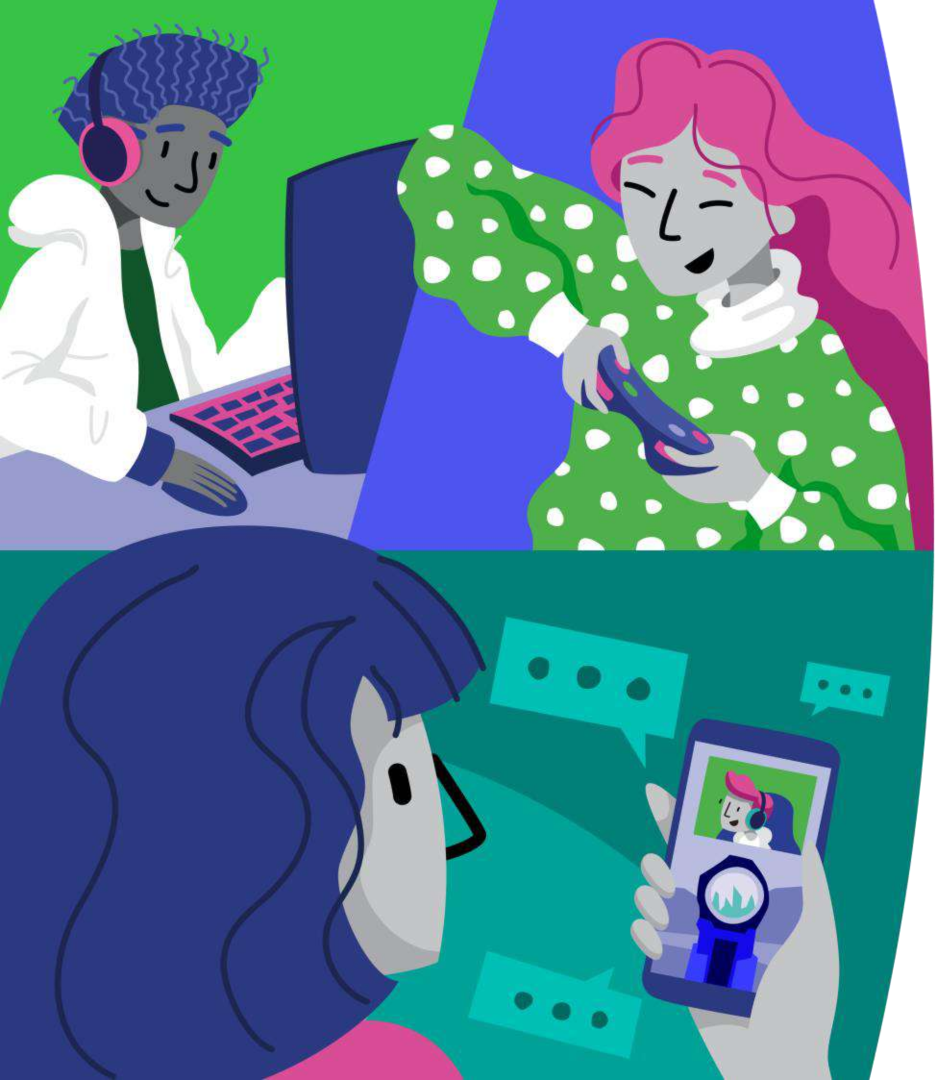

October 2023

Launching PC & Console Titles in the Ever-Changing Games Market

TikTok | newzoo

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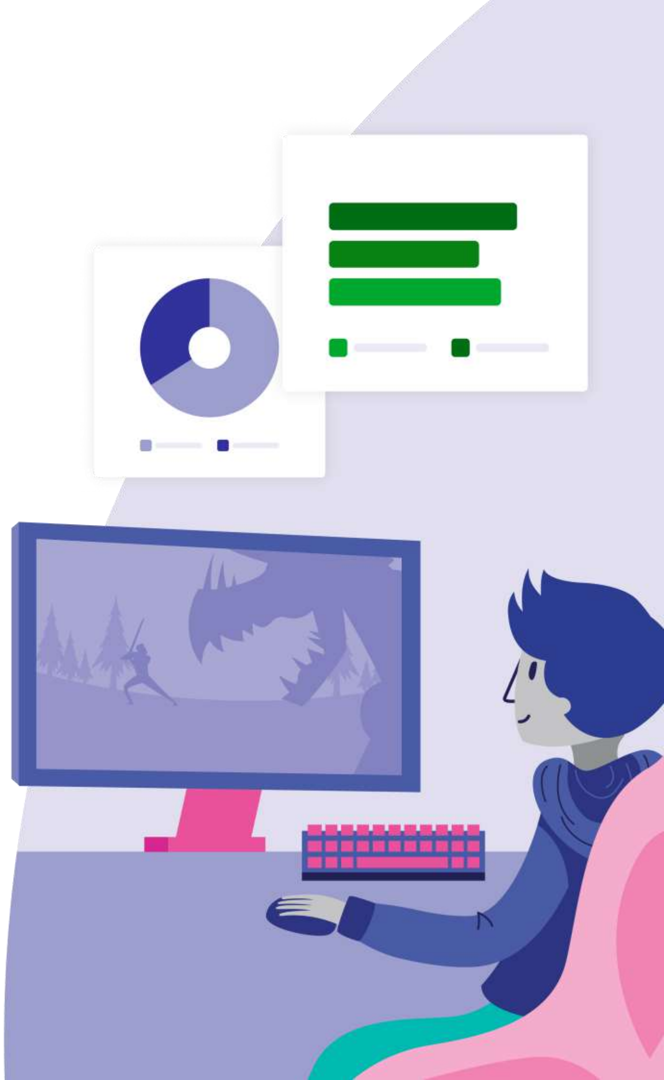
Introduction

Gaming is massive, and the PC & console market is an essential segment driving global growth, with the market set to generate $95.2 billion in 2023. Gaming and Entertainment have become important touchpoints for many player communities around the world.

On the flipside, it’s become more challenging to break into the PC & console market and find the right audiences. While game studios are turning to strategies like leveraging known IP and fine-tuning live services to address these challenges, one of the most powerful marketing strategies is fostering community and cultural relevance. The influence of a passionately engaged community can catapult a game to unprecedented heights, whether it is AAA or indie.

In this report, we cover the state of the PC & console gaming industry and the ever-evolving generational changes to gaming audiences worldwide. We also highlight ways in which games can leverage the power of culture and community.



Foreword

Tom Wijman

Lead Games Analyst
Newzoo

An engaged community of players and fans is vital

Every year gaming become more mainstream, and 2023 is no exception. Since our first report, we've said that gaming is at the heart of the entertainment industry, and it's never been so easy to back up this claim. Gaming's impact goes well beyond the number of players and revenue generated within the industry. Transmedia strategies, as well as vibrant gaming communities across the world, showcase the power of games as a business and cultural landmark, and these trends are only accelerating.

Assaf Sagy

Head of Global Business Solutions, Gaming
TikTok

TikTok has become a discovery engine, and hub, for games

In 2022, TikTok drove over 3 trillion views on gaming content, with approximately 50% of daily active users watching gaming content. TikTok's superpower is how it enables and drives discoverability of games among an incredibly diverse consumer base. We're excited to have partnered with Newzoo to narrow in on what it really takes to stand out and thrive in today's dynamic gaming industry. This report is our commitment to providing valuable insights that can guide developers and industry players toward effective strategies for new title launch success.

$95.2 Bn
PC & console game revenues in 2023

892 M
PC players in 2023

629 M
Console players in 2023

The latest on the PC & console games market

The market is increasingly more competitive and crowded

Most of 2022’s top games were established titles with annual releases

Top 20 games by average MAU

PC, PlayStation, Xbox | 37 Major Markets | 2022

Rank	Title	Publisher	Release Year	Rank	Title	Publisher	Release Year
1	Fortnite	Epic Games	2017	11	FIFA 22	Electronic Arts	2021
2	Call of Duty: Modern Warfare II/Warzone 2.0	Activision Publishing	2022	12	Overwatch 1 & 2	Blizzard Entertainment	2016
3	Minecraft	Mojang Studios	2011	13	Valorant	Riot Games	2020
4	Grand Theft Auto V	Rockstar Games	2013	14	League of Legends	Riot Games	2009
5	ROBLOX	Roblox Corporation	2006	15	Counter-Strike: Global Offensive	Valve	2012
6	Call of Duty: Modern Warfare/Warzone	Activision Publishing	2019	16	Tom Clancy’s Rainbow Six: Siege	Ubisoft	2015
7	Apex Legends	Electronic Arts	2019	17	Destiny 2	Bungie	2017
8	Rocket League	Psyonix	2015	18	FIFA 23	Electronic Arts	2022
9	Fall Guys	Epic Games	2020	19	Call of Duty: Black Ops Cold War	Activision Publishing	2020
10	The Sims 4	Electronic Arts	2014	20	Call of Duty: Vanguard	Activision Publishing	2021

7 out of 20

of 2022’s top titles by MAU were released after 2020. Five came from established franchises with annual releases, including FIFA and Call of Duty.

18 out of 20

of 2022’s top titles by MAU came out before 2022. This shows the power of live-service games for long-term engagement.

CALL OF DUTY

Six games in the Call of Duty franchise are represented in our top 20 games by MAUs*.

*Note: For Newzoo analysis, Modern Warfare 2 and Warzone 2.0, and Modern Warfare and Warzone were merged

Older and established titles can maintain their audiences for many years

Top 20 games by average MAU

PC, PlayStation, Xbox | 37 Major Markets | January 2023 – May 2023

Rank	Title	Publisher	Release Year	Rank	Title	Publisher	Release Year
1	Fortnite	Epic Games	2017	11	Counter-Strike: Global Offensive	Valve	2012
2	Call of Duty: Modern Warfare II/Warzone 2.0	Activision Publishing	2022	12	League of Legends	Riot Games	2009
3	Minecraft	Mojang Studios	2011	13	Tom Clancy's Rainbow Six: Siege	Ubisoft	2015
4	Grand Theft Auto V	Rockstar Games	2013	14	Valorant	Riot Games	2020
5	ROBLOX	Roblox Corporation	2006	15	Hogwarts Legacy	Warner Bros. Int. Ent.	2023
6	Rocket League	Psyonix	2015	16	Destiny 2	Bungie	2017
7	The Sims 4	Electronic Arts	2014	17	Fall Guys	Epic Games	2020
8	Apex Legends	Electronic Arts	2019	18	NBA 2K23	2K	2022
9	FIFA 23	Electronic Arts	2022	19	Battlefield 2042	Electronic Arts	2021
10	Overwatch 1 & 2	Blizzard Entertainment	2016	20	Genshin Impact	miHoYo	2020

6 out of 20

of the top titles by MAU in 2023 were released after 2020. Three were installments from established franchises with annual releases, like FIFA and Call of Duty.

PORTKEY GAMES HOGWARTS LEGACY

Hogwarts Legacy is the only 2023 release that entered the top 20 games by MAU in 2023 (between January and May).

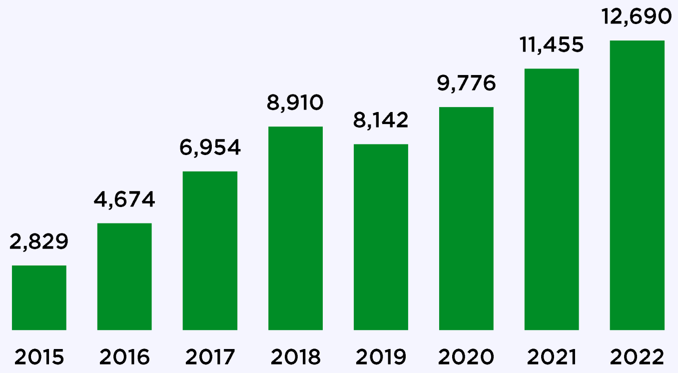
Harry Potter IP dates back to the 1997 publication of *Harry Potter and the Philosopher's Stone* (Bloomsbury).

The first video game based on the novel series was released in 2001.

Fewer titles are capturing more than 50K lifetime users

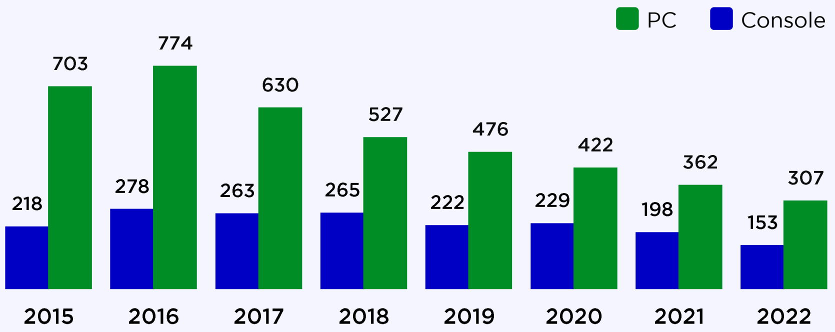
Number of yearly releases | PC (Steam)

By release year | Source: SteamDB



Number of yearly releases with 50K+ lifetime players | PC, PlayStation, Xbox

Source: Newzoo Game Performance Monitor (37 markets included)



Year after year, more games are being released. Even though there are more releases, there is a decline in the number of titles on both PC & console platforms that have reached at least 50,000 lifetime players in comparison to previous years. Despite numerous major success stories this year, the focus of the games market seems to be drawn toward long-standing live-service games with strong communities.

Game publishers can greatly benefit from expanding their marketing strategies by building strong connections and lasting engagement with their evolving and diverse player community.

Understanding an evolving player base

Generational differences between players segments

The global gaming community continues to expand and diversify

Gaming engagement by generation

Base: Total online population aged 18-50/65

	Gen Z	Millennials	Gen X	Baby Boomers
% of game enthusiasts[1]	89% +10% (vs. '22)	82% +0% (vs. '22)	64% -4% (vs. '22)	43% +3% (vs. '22)
Total playing	85%	80%	61%	40%
Total viewing	72%	57%	30%	11%
Total other eng.[2]	45%	37%	16%	5%

[1] **Game Enthusiasts** are consumers who engage with gaming through playing, viewing, owning, and/or social behavior.

[2] **Other gaming engagement** includes those that claim to have "often" followed video gaming channels or esports broadcasters, socialized through/visited online gaming communities, discussed video games with family and friends, listened to gaming podcasts, and/or attended large in-person gaming conventions in the past 12 months.

Generations

- Gen Z (born 1995-2005 / 18-28 y.o.)*
- Millennials (born 1981-1994/29-42 y.o.)
- Gen X (born 1965-1980 / 43-58 y.o.)
- Baby Boomers (born 1946-1964 / 59-65 y.o.)

*__Please note__ Newzoo filters on respondents aged 18+, so respondents aged 14-17 are excluded from Gen Z

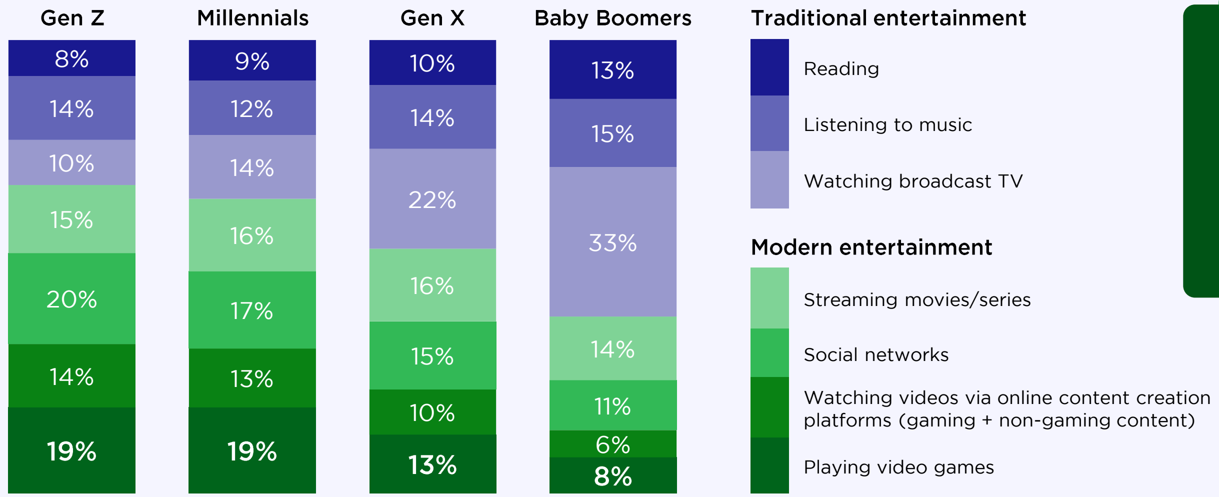
Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Q: Game Enthusiasts, Total players (past 6 months), Gaming video content viewers (past 12 months), Those who engage with gaming beyond playing/viewing in the past 12 months (% often)
Base: Total sample aged 18-50/65 (n=60,898), Gen Z (n=17,279), Millennials (n=22,942), Gen X (n=15,868), Baby Boomers (n=4,809)

The share of time spent on gaming increases with each new generation

% Leisure time spent per entertainment platform (outside of work)

Base: Total online population aged 18-50/65



Gen Z and Millennials spend a similar amount of time (nearly 20%) playing video games as they do on entertainment platforms & social networks (which also have games-related content).

Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Base: Total sample aged 18-50/65 (n=60,898), Gen Z (n=17,279), Millennials (n=22,942), Gen X (n=15,868), Baby Boomers (n=4,809)

PC and/or console gaming remains popular across every generation

Share of PC and/or console players (and by generation)

Base: Total players aged 18-50/65

		Gen Z	Millennials	Gen X	Baby Boomers
% of PC and/or console players		66%	66%	57%	55%
Gender share PC and/or console players	Male	61%	62%	62%	60%
	Female	38%	38%	38%	40%
	Non-binary /Other	1%	0%	0%	0%

Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Q. PC and/or console players (past 6 months), Gender
Base: Total players aged 18+ (n=45,670), Gen Z (n=15,071), Millennials (n=18,690), Gen X (n=9.989), Baby Boomers (n=1,920)

Tapping into interests outside of video games can help a game appeal to a wider audiences, extend brand awareness, and increase sales

		Gen Z		Millennials		Gen X		Baby Boomers	
Top 3 hobbies	#1	Playing video games	53%	Watching films / movies and television series	53%	Watching films / movies and television series	56%	Watching films / movies and television series	57%
	#2	Listening to or playing music	52%	Playing video games	51%	Listening to or playing music	45%	Listening to or playing music	43%
	#3	Watching films / movies and television series	47%	Listening to or playing music	45%	Playing video games	42%	Reading or writing	43%
								#7 Playing video games	29%

		Gen Z		Millennials		Gen X		Baby Boomers	
Top 3 general interests	#1	Video games	55%	Video games	52%	News and current affairs	48%	News and current affairs	62%
	#2	Food and drinks	47%	Food and drinks	47%	Food and drinks	45%	Food and drinks	48%
	#3	Computers, electronics, and gadgets	44%	Technology and science	45%	Technology and science	42%	Technology and science	39%
						#5 Video games	39%	#7 Video games	23%

Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Q. Hobbies, General interests
Base: PC and/or console players aged 18+ (n=30,231), Gen Z (n=10,590), Millennials (n=12,753), Gen X (n=5,804), Baby Boomers (n=1,084)

Gen Z and Millennials are spending more on game-related purchases

Spending behavior by generation

Base: Total PC and/or console players aged 18-50/65

	Gen Z	Millennials	Gen X	Baby Boomers
% of payers[1]	72%	75%	61%	41%
Avg. spent on PC per month	$17.10	$16.65	$13.94	$9.96
Avg. spent on console per month	$19.16	$20.40	$20.16	$18.28

Younger generations of PC and/or console gamers are much more likely to spend money on video games.

Almost three in four made video-game-related purchases in the past six months.

Millennials spent the most on console-related purchases.

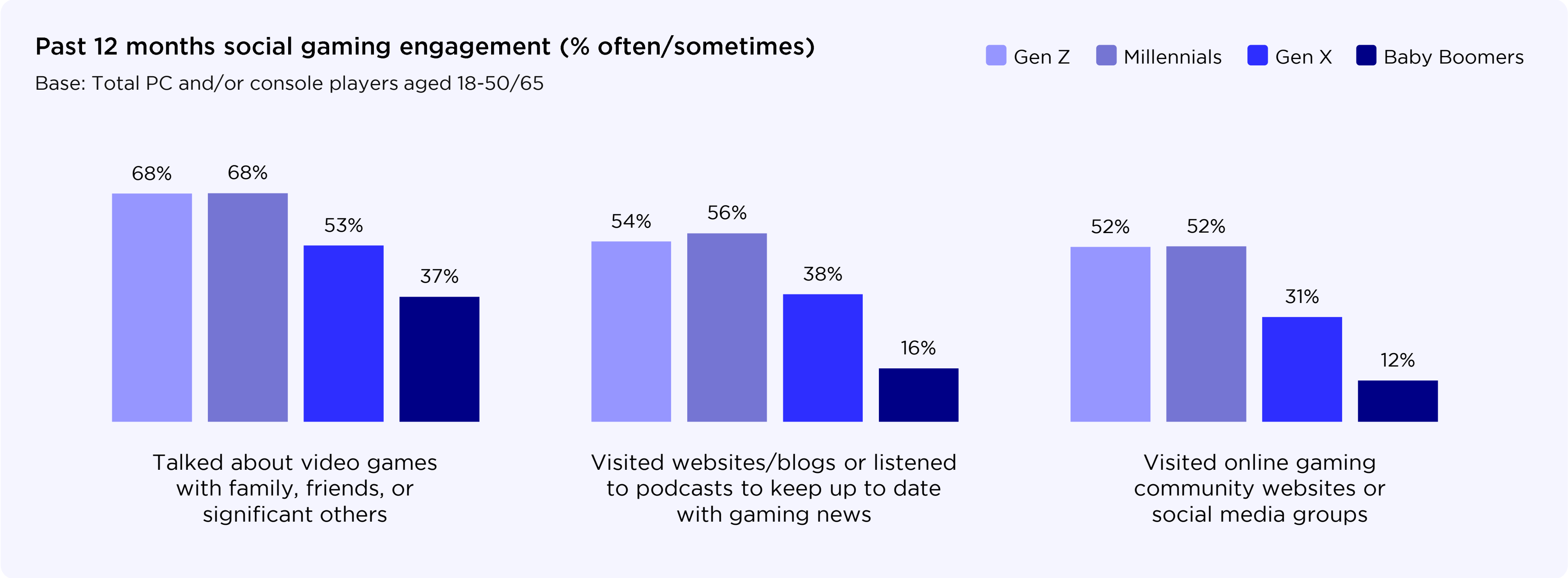
Gen Z gamers spent nearly twice as much on PC gaming as Baby Boomers did in the same period.

[1] Payers: Past 6 months players who, on average, spend money on a monthly basis on games on a PC, console, or mobile device. Spending money includes gifts, downloadable content, subscriptions, and other micro-transactions.

Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Q. : Payers (past 6 months), Money spent per month on PC games (past 6 months); Money spent per month on console games (past 6 months)
Base: PC and/or console players aged 18+ (n=30,231), Gen Z (n=10,590), Millennials (n=12,753), Gen X (n=5,804), Baby Boomers (n=1,084)

Gen Z and Millennials engage with games in ways beyond playing, including visiting gaming community sites and/or creating content



Source: Newzoo Global Gamer Study 2023 (Global weighted average across 36 markets)

Q: Frequency social gaming engagement (past 12 months)
Base: PC and/or console players aged 18+ (n=30,231), Gen Z (n=10,590), Millennials (n=12,753), Gen X (n=5.804), Baby Boomers (n=1,084)

How games can stand out in an attention economy

Build and leverage IP

1 Licensing transmedia IP

Games based on transmedia IP capitalize on pre-existing fan bases and it mitigates having to build new communities. In some cases, developers include characters or content in their games from outside IP to increase the player base and sales without having to create entirely new games based on that IP.

Examples: Star Wars Jedi: Survivor, Hogwarts Legacy

2 Transmedia opportunities

Video game IP is finding its way into new media and entertainment. We can see this in the increasing number of video game movies, television/streaming series, books, and board games being released. For massive IP holders like Nintendo, this could spawn an empire resembling the likes of Disney.

Examples: Castlevania (anime), Super Mario Bros. Movie (film), The Last of Us (television series)

3 Cross-franchise collaborations

Developers often collaborate with IP holders to create new content for their games to increase engagement and the longevity of the game's lifespan. Many multi-franchise owners will place easter eggs from other franchises. Some developers in the fighting game and RPG genre, will create fully collaborative crossover games.

Examples: Mortal Kombat 1, Dead by Daylight, Super Smash Bros., Kingdom Hearts

4 Revitalizing dormant games/IPs

IPs from earlier eras of the industry are being given new life in three ways: 1) creating legacy collections of older series, 2) remastering the graphics to be more palatable to players that are more accustomed to modern graphics, and 3) remaking games from the ground up to give players a new take on older games.

Examples: Mega Man Legacy Collection, Resident Evil 4 (2023 remake), Final Fantasy 7 Remake

Harness the power of creator marketing

Creator* marketing has quickly become a powerful strategy to connect with target audiences, with brands expected to spend a total of $6Bn on it in 2023[1]. Millennials and Gen Z greatly prefer personalized content that features authentic and relatable products/services at the core. By leveraging the trust, credibility, and influence of creator personalities, gaming brands can tap into highly engaged audiences, build more authentic connections, and drive conversions.

As technology advances and content creation tools become available, more individuals will become content creators. This growth will be driven by a younger generation that has been raised in a world of digital storytelling. The creator economy is currently estimated to be worth more than $100 billion, with more than 2 million professional content creators worldwide[2].

Examples: Saints Row, The Sims 4, Dead Island 2, Star Wars Jedi: Survivor

Source: 1 Goldman Sachs; 2 Forbes, "Make the Most of the Creator Economy", July 2022

*Creators create content with the sole purpose of engaging their audience. They create videos, photos, graphics, informational resources, blog content, etc., and distribute it across various channels including entertainment platforms, social media, websites and more.

Partner with non-gaming brands, inside and outside the game

Nintendo x Oreos

Nintendo and Oreos partnered to create Pokémon-themed Oreos leading up to the release of Brilliant Diamond and Shining Pearl.

Watch Dogs Legion x Stormzy

Popular UK rapper and grime star Stormzy appeared in the game's launch trailer, which was essentially a music video. The musician also appeared in-game as part of a mission.

Xbox x Barbie

An increasing number of studios do cross promotional campaigns with video game companies to market their films. The Barbie-themed Xbox released along with the hit movie is a prime example.

League of Legends x Louis Vuitton

Louis Vuitton's fashion designs were integrated into the game via character skins. LV even launched a LoL-themed capsule collection for fans to purchase and collect in real life.

Animal Crossing x ColourPop Cosmetics

After Animal Crossing: New Horizons became a hit, ColourPop Cosmetics partnered with the game to release a makeup line that quickly sold out.

Key Takeaways

1

Establishing strong community engagement is key given that established IPs are continuing to grow their player base

Many video games have evolved into IPs that host communities from all over the world. Furthermore, games have influenced cultural narratives and are now a phenomenon that shapes modern entertainment. Meeting players where they are, and building communities around their interests within and beyond gaming is critical to driving discovery, engagement, and conversion.

2

Gaming has become a cultural phenomenon and gamers are increasingly diverse

People come to games from many different countries, cultures, and generations, and with myriad passions and interests outside gaming. Publishers need to capture the attention of a constantly evolving population of current or prospective players.

3

Winning the attention wars

Gaming has become mainstream and now competes with film and television for consumer attention. Some ways to engage include meeting players where they spend the most time, finding unique ways to fuel existing fandom through creators, and leveraging player interests outside gaming. We will continue to see gaming brands lean into collaborations, be it via brand partnerships and extensions, or with content creators, as a way to increase media effectiveness and engage with more audiences.

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