newzoo

January 2024

Games market trends to watch in 2024

Industry insights powered by Newzoo data

Welcome to our games market trends report!

In 2023, **the global games market experienced unprecedented highs and lows**, including a huge number of industry-defining releases, significant layoffs, several paradigm-changing transmedia releases, the conclusion of the largest deal in industry history, and the dawn of generative AI in games.

The global games market in 2024 will be similarly exceptional (for better and worse), and **we aim to keep you up-to-date on the market trends that matter most**. How will the industry address layoffs? What will be the next developments in game subscriptions and app stores? Will the transmedia wave get even bigger?

This free report contains our analysts' insights as well as a broader industry perspective. At the start of 2024, we ran a survey inviting gaming executives and experts to share their predictions, several of which we published here. Understanding these trends (and the data behind them) will help **define and refine your strategies in a complex market that never stops changing.**

This free resource is a preview of the **Games Market Reports & Forecasts**, one of the tools on the Newzoo Platform. You can subscribe to the Games Market Reports & Forecasts to **improve your market sizing and forecasting by staying ahead of the latest trends**.

Thanks for tuning in to this report. We hope you enjoy reading it as much as we loved writing it.

Tom Wijman
Lead Analyst Games

All the games market trends to watch in 2024

1. The market will continue to recover and grow

2. 2024 will be a lean year for gaming companies

3. Multi-game subscriptions' growth will slow down

4. Companies will return to developing premium games

5. Mobile developers will turn to PC gaming

6. The next Nintendo console will launch with a new 3D Mario game

7. Xbox will launch a mobile store on Android

8. Nostalgia will be a key driver for live-service games

9. Generative AI will accelerate game production in a few ways

10. Open-world Soulslike games will take the spotlight

The market recovered in 2023 and will grow in 2024

Global games market forecast

Revenue forecasting through 2026 (in US$ Bn)

Bar chart values:
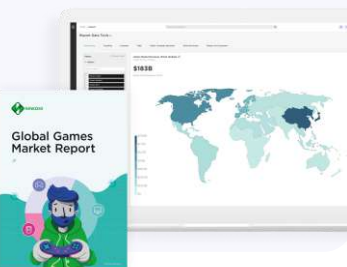- 2021: $192.7Bn
- 2022: $182.9Bn
- 2023F: $184.0Bn
- 2024F: $189.3Bn
- 2025F: $197.1Bn
- 2026F: $205.7Bn

+1.3%

Total market CAGR 2021-2026

Get expansive data for market sizing and forecasting

Discover how

Global Games Market Report

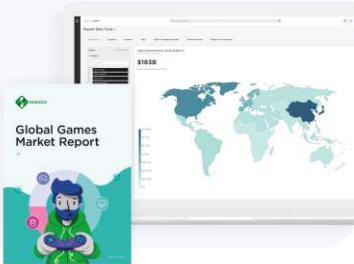# The market will continue to recover and grow

Newzoo analysts' perspective

The total market outlook for PC and console gaming is optimistic. After the market declined in 2022 (for the first time since Newzoo started tracking market revenues), it began to recover in 2023, and we expect this trend to continue through 2024.

One of the main growth drivers this year will be the ever-growing install base of the Xbox Series and PlayStation 5 generation. Even though this year's release catalog is expected to be less impressive than 2023's absolutely packed schedule of much-anticipated hits, live-service games, and back catalog sales will drive growth in the segment.

After two years of decline due to difficult market conditions, especially around user acquisition, mobile gaming is likely to recover.

What industry leaders think about this trend*

91%

9%

0%

- ● Agree or completely agree
- ● Neither agree, nor disagree
- ● Disagree or completely disagree

Global games market revenues will increase in 2024.

Access games market revenue forecasts through 2026.

Discover how

Global Games Market Report

The market will continue to recover and grow

What industry leaders think about this trend*

55% — The number of released games will grow in 2024.
27%
18%

9% — Game development budgets will increase in 2024.
45%
45%

27% — Compared to 2023, investment from VCs and other funding sources into game development will increase in 2024.
45%
27%

- Agree or completely agree
- Neither agree, nor disagree
- Disagree or completely disagree

newzoo © Newzoo 2024 *Source: Newzoo survey, collecting responses from games market leaders and experts in January 2024. 7
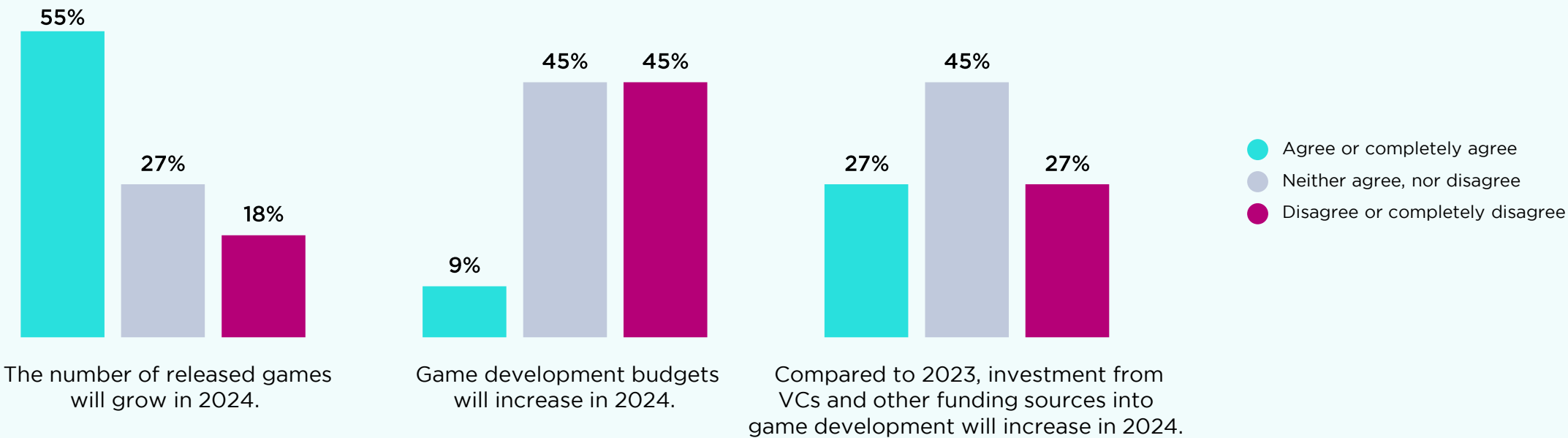
The market will continue to recover and grow

"2024 will be an exciting year. As gaming increasingly competes for people's spare time with other entertainment media, I expect an increased focus on social and multiplayer experiences in both the PvP and PvE arenas.

We will see the launch of titles with rich social worlds and deep gameplay experiences that aim to connect communities together. Gaming will continue to grow into a social activity that connects communities from around the world together. Additionally, I expect that we will see more user-generated content as players start to express themselves more by building their own experiences and sharing those with their communities.

Marc Regeur
Senior Director Business Development
Steer Studios, powered by Savvy
Games Group

"I see 2024 as a year of stabilization and adjustments compared to what we have experienced recently. A lot has happened in the market since COVID.

2024 should not be marked by as many major disruptions and should instead remain in a form of continuity with what has already been observed recently. This brings its share of challenges, but also opportunities.

Romain Bingler
Market Strategy Manager
Ubisoft

"Our industry is still balancing out after the enormous boom we had during COVID. While studios are closing and people are losing jobs, there are also new opportunities through new studios opening up.

As investors are more careful nowadays, demand for research, advice, and consultancy grounded in recent experience will be more important for studios and investors.
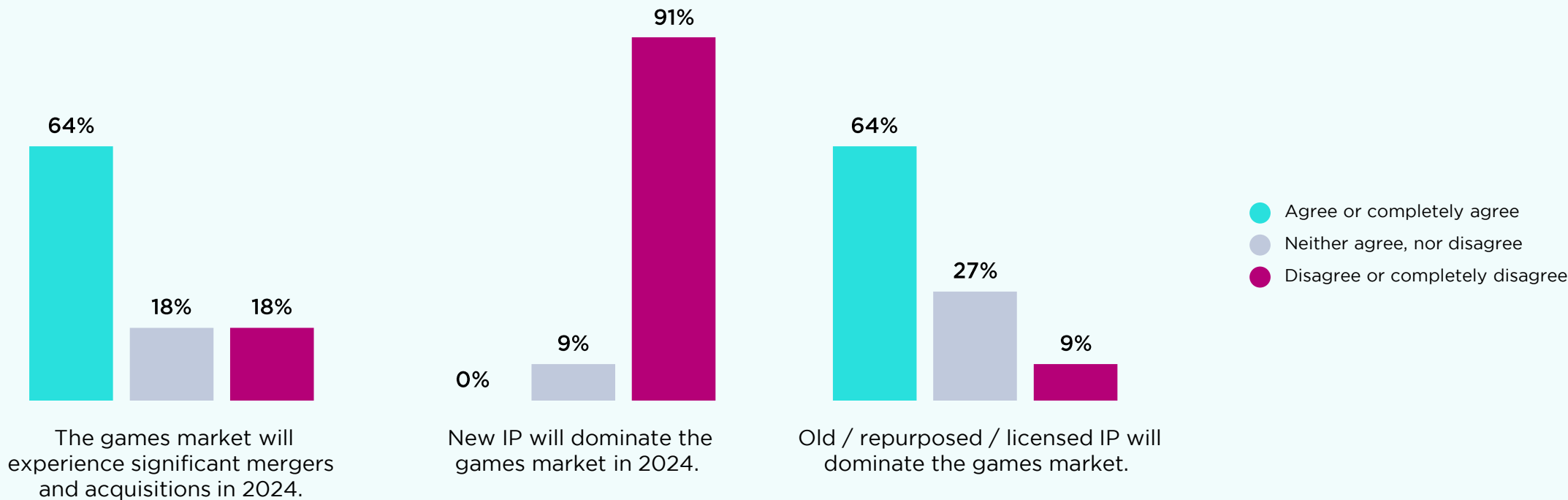
André Persson
Managing Director
Project 369 Group

The market will continue to recover and grow

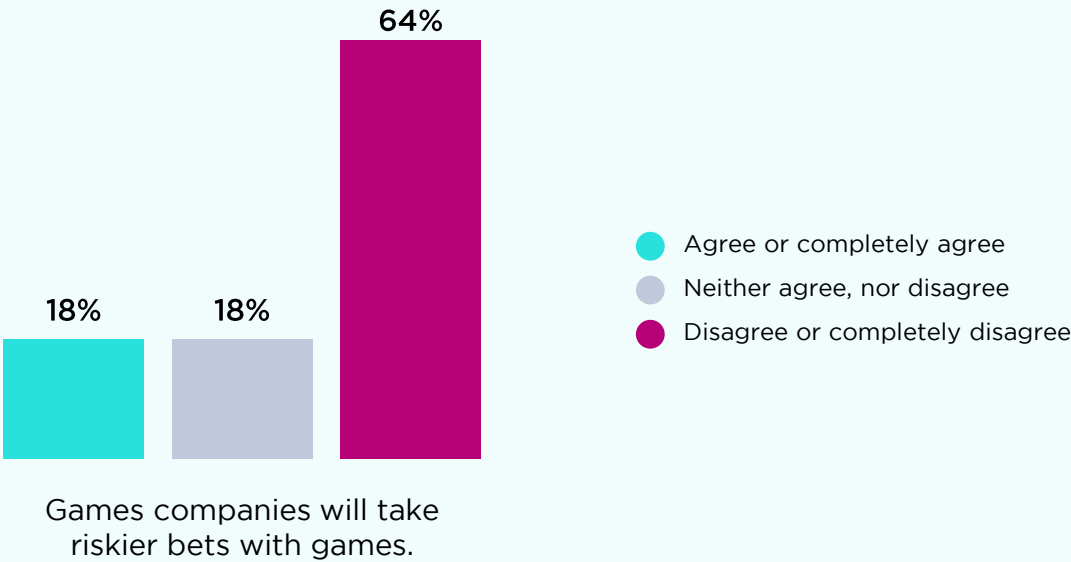**What industry leaders think about this trend***

64%

18% 18%

The games market will experience significant mergers and acquisitions in 2024.

91%

0% 9%

New IP will dominate the games market in 2024.

64%

27%

9%

Old / repurposed / licensed IP will dominate the games market.

● Agree or completely agree

● Neither agree, nor disagree

● Disagree or completely disagree

2024 will be a lean year for gaming companies

What industry leaders think about this trend*

64%

18%   18%

● Agree or completely agree
● Neither agree, nor disagree
● Disagree or completely disagree

Games companies will take riskier bets with games.

Newzoo analysts' perspective

Projects in development will launch into a highly competitive games market. Live-service games bank on players sticking with them for longer, leaving less room for new projects to succeed, especially as players leave for premium titles and concentrate on playing fewer games.

After 2023, when the industry faced a series of unfortunate layoffs and many big gaming bets didn't pay off, this year will be lean for many companies.
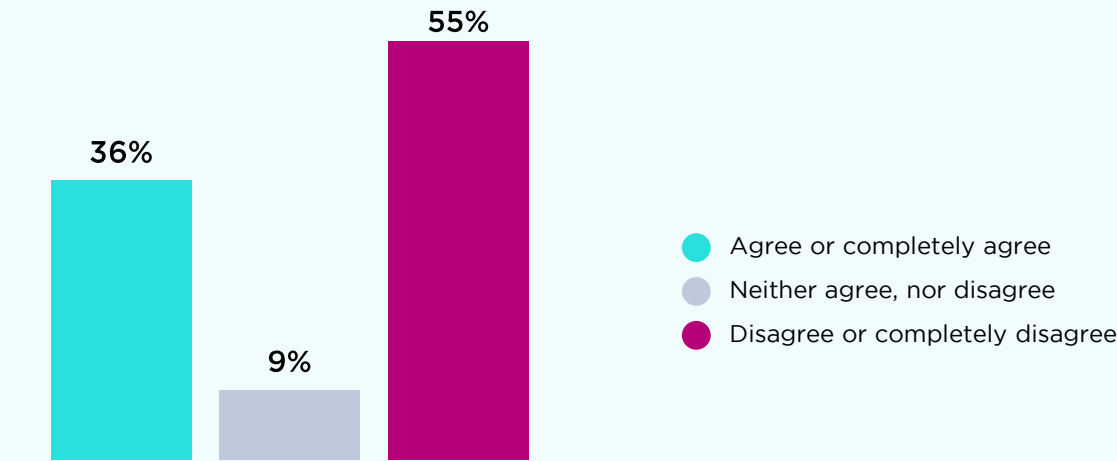
Having come down quickly from the engagement and spending booms in 2020 and 2021—facing corrections in a post-COVID world and increasing interest rates—the industry is restructuring. The cash and investments that flooded the market during the pandemic have dried up considerably, and funding massive new projects is no longer a top priority.

Games companies will employ risk reduction strategies like avoiding new IPs. Instead, they'll focus on sequels and leveraging existing IPs. Companies will also continue exploring small-experience AAA titles like Assassin's Creed Mirage and Marvel's Spider-Man: Miles Morales.

2024 will be a lean year for gaming companies

What industry leaders think about this trend*

55%

36%

9%

- ● Agree or completely agree
- ● Neither agree, nor disagree
- ● Disagree or completely disagree

Compared to 2023, the industry will experience a significant increase in the number of layoffs.

Games industry leaders' perspective*

" Last year, video game development saw a lot of volatility, with layoffs and companies being restructured in the face of acquisition. As we begin 2024, we see opportunities to bring some much-needed stability to our industry.

As a partner to studios that make full-scale games, we can lend a hand in helping them achieve their goals amidst the chaos. As a company that is hiring, we can help displaced talent find a new home. And, as a company with many strengths in the areas of coding and creativity, we are evaluating how we can provide our services to entertainment industries that are immediately adjacent to video games, opening up new frontiers for our work.
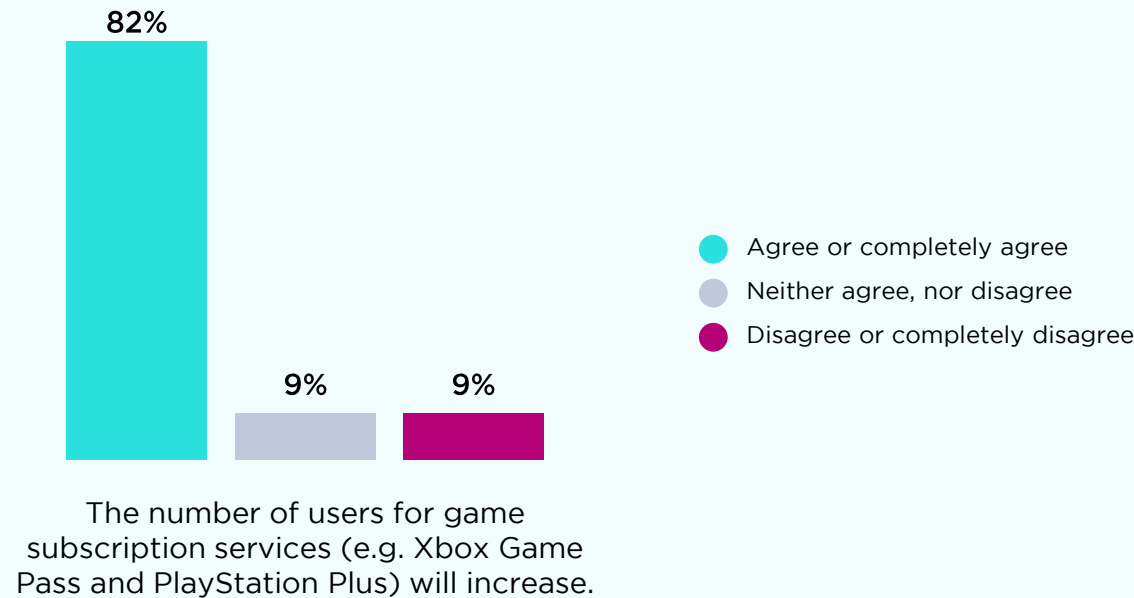
Chelsea Blasko
Co-CEO
Iron Galaxy Studios

Multi-game subscriptions' user growth will slow down

What industry leaders think about this trend*

82%

9%   **9%**

- ● Agree or completely agree
- ● Neither agree, nor disagree
- ● Disagree or completely disagree

The number of users for game subscription services (e.g. Xbox Game Pass and PlayStation Plus) will increase.

Newzoo analysts' perspective

The growth phase for multi-game subscriptions may be coming to a close, and we forecast lower growth in the coming three years. Indie game companies have been less eager to sell licenses, signifying the deal size for these licenses has decreased.
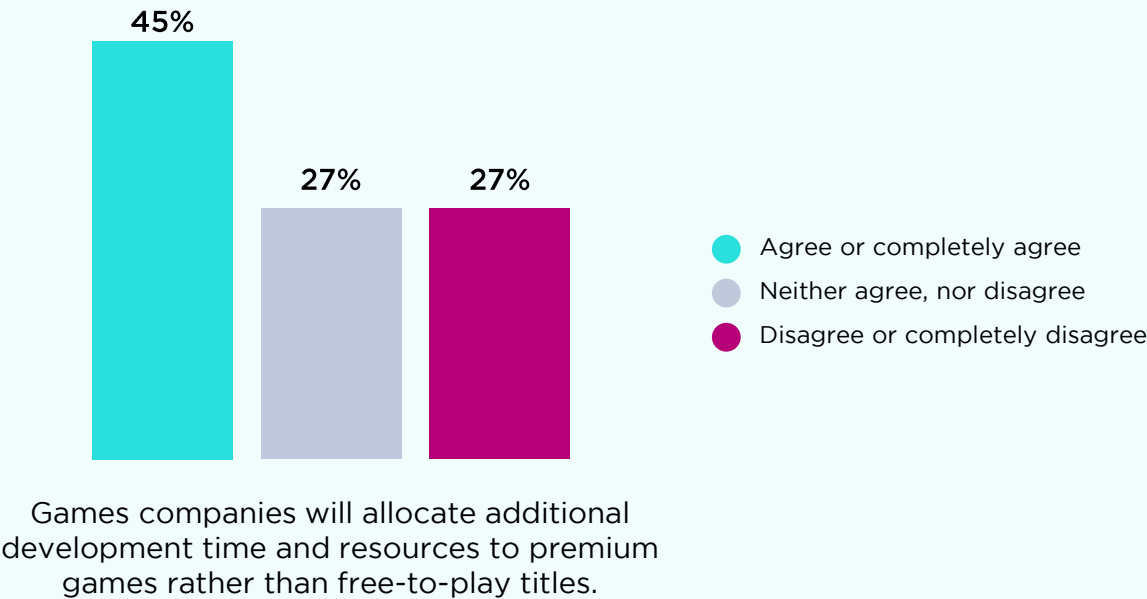
As it stands, multi-game subscription services will not fully take over the gaming ecosystem as the model has done for streaming music and TV. Gaming is an active pursuit, whereas the other two media types are more for passive engagers. Most players can't consume games at the same pace as they gobble up shows and tunes, nor do they play many games in the same period. Right now, the alternative solution for multi-game subscriptions is to provide access to new games on day one, but this cannibalizes premium revenue to a point that *most* gaming companies can't afford.

There's also a new threat to multi-game subscription services in the form of gaming platforms like Fortnite and ROBLOX. Fortnite just made a massive leap into becoming a platform with the LEGO Fortnite, Rocket Racing, and Fortnite Festival launches. ROBLOX is aging up its audience and diversifying the experiences available on the platform, so more players across generational divides dive in and stay. At this rate, these gaming platforms will provide an eerily similar menu of different games to multi-game services, with the one key distinction being that all of these are free-to-play.

Companies will return to developing premium games

What industry leaders think about this trend*

45% — Agree or completely agree
27% — Neither agree, nor disagree
27% — Disagree or completely disagree

● Agree or completely agree
● Neither agree, nor disagree
● Disagree or completely disagree

Games companies will allocate additional development time and resources to premium games rather than free-to-play titles.

Newzoo analysts' perspective

The live-service games model will still be the most dominant business model for revenue attribution, but the gold rush for creating new live-service games is slowing down. Companies are recognizing that the space is a bit of a zero-sum, highly competitive game. This being the case, many companies are shifting back to the premium model, which provides a much higher chance of financial success.

The PC and console markets show signs of oversaturation. Just 19 games eat up approximately 60% of playtime, with the top 33 games accounting for three-quarters of overall playtime[1]. Of course, more live-service titles will inevitably hit the market. Many projects that began during the pandemic-fuelled investment boom are nearing completion, and a good number of them will enter the fray.

Live services thrive on engagement first, but engagement is dropping because time is finite. Engagement data from 2023 shows that people are moving away from live-service games, opting to play premium games if the quality is good enough.
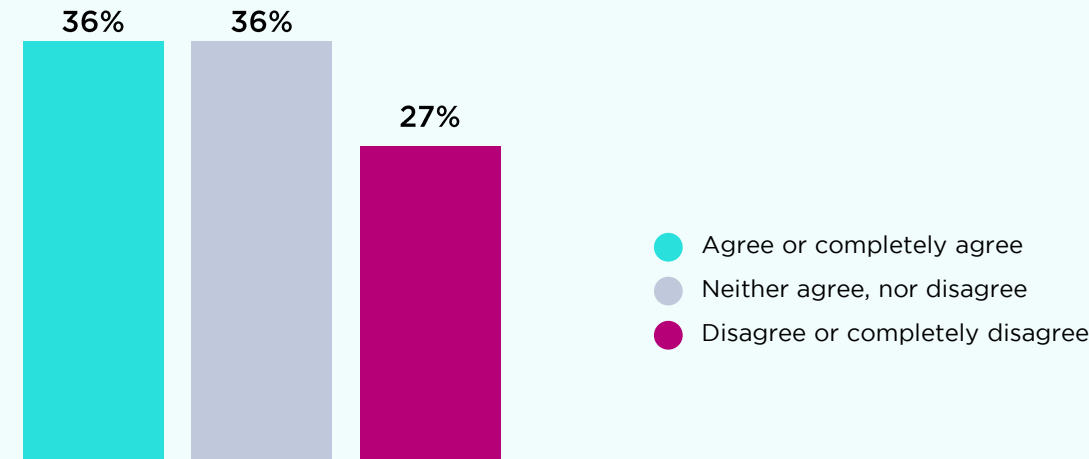
Mobile developers will turn to PC gaming

What industry leaders think about this trend*

36%   36%

27%

● Agree or completely agree
● Neither agree, nor disagree
● Disagree or completely disagree

Mobile developers will increasingly shift their focus to releasing PC & console games.

Newzoo analysts' perspective

Challenging market circumstances and privacy regulations contributed to the mobile gaming segment declining for the second year in a row in 2023. More and more game companies focus on evolving existing games instead of launching new games—a shift driven by rising user acquisition (UA) costs and market saturation. Retention and deeper engagement are important factors in enhancing the longevity of a game.

Launching existing mobile games on PC can be a way to boost both retention and engagement—the goal is to be available whenever and wherever your core players want to play.

Another way of diversification is to develop new games specifically for PC (and console). Mobile developers bring monetization, acquisition, and retention expertise in operating a live service in the highly competitive mobile market. For this purpose, leading mobile game companies have established new studios dedicated to developing for other platforms.

Mobile developers will turn to PC gaming

"

As marketing is more difficult now with data privacy reinforcement, savviness of players, and the competitive landscape going beyond gaming, game makers need to find an even sharper edge when it comes to their game's positioning and value proposition.

Hybrid casual has been mentioned often in the past year(s) as a means for hyper-casual companies to adapt to marketing challenges. These companies apply deeper retention and monetization mechanics to simplistic gameplay, hoping to thrive in this new marketing reality.

Similarly, more traditional game developers should pay closer attention to how hyper-casual game makers engage with their audiences and consider adding more casual engagement mechanics in their deeper gameplay offerings.
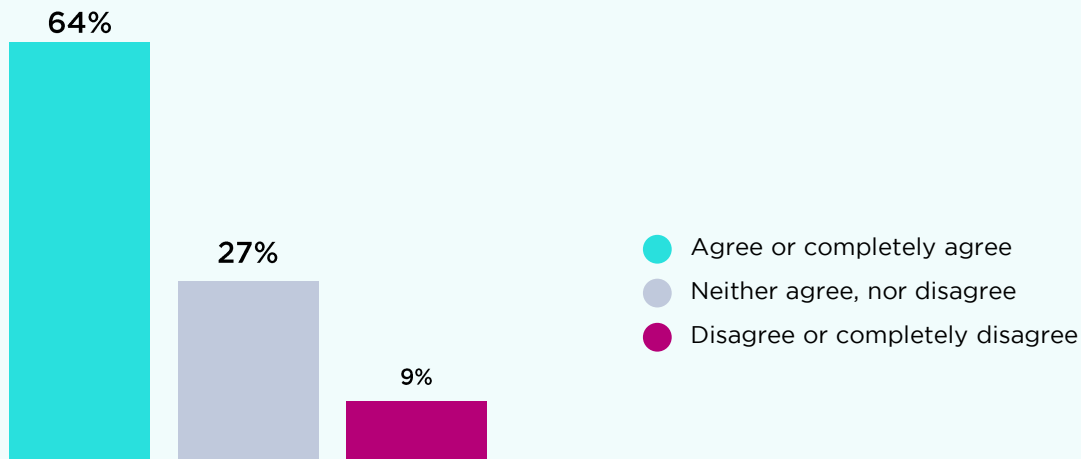
We will see A or AA game developers invest more seriously into clearly defining their market slice and adding mobile hook mechanics and community interactions in their strategy.

Another topic that comes to mind is the iterative nature of game development and the early involvement of the community to validate the business opportunity. I foresee bigger investments going through multiple iterations of the same game, exposing early adopters to a concept and early demo, and then, over updates with the growing community involvement, growing games into a full experience (as expected of more traditional boxed products.

Fred St-Amour
Studio Director, Product Development
and Creative Strategies at Frima

Mobile developers will turn to PC gaming

What industry leaders think about this trend*

64%

27%

9%

- Agree or completely agree
- Neither agree, nor disagree
- Disagree or completely disagree

Mobile developers will be increasingly affected by changes in the privacy landscape.

Games industry leaders' perspective*

"On the mobile side, I expect the war on user acquisition costs to intensify as studios look for new ways to acquire gamers. Monopoly Go! showed us that leveraging strong IP is one of the ways to achieve this. I expect to see the number of games launching with big-name licensed IP to increase. I also expect the overall number of released games to increase, as well as studios to experiment with different mechanics and game loops to find a formula for success.

On the flip side, the rising costs of production and user acquisition will challenge studios to shift from having a strategic focus on user acquisition as cheaply as possible to maximizing player engagement, building high quality in-game monetization mechanics and LTV over time. This will mean highly data-driven optimization of in-game metrics, building deeper and properly engaging content, and live ops content strategy planning far in advance.
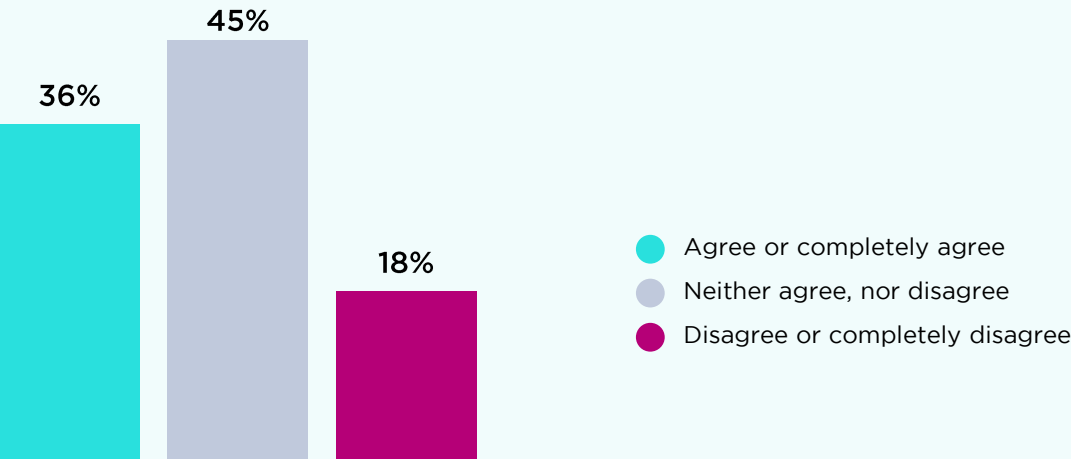
Marc Regeur
Senior Director Business Development
Steer Studios, powered by Savvy Games Group

The next Nintendo console will launch with a new 3D Mario game

What industry leaders think about this trend*

45%

36%

18%

● Agree or completely agree
● Neither agree, nor disagree
● Disagree or completely disagree

Nintendo will release its next console in 2024.
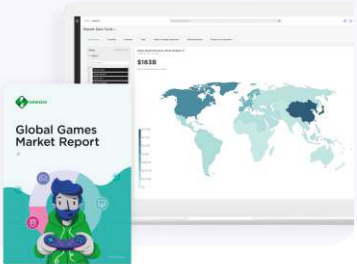
Newzoo analysts' perspective

After nearly seven years of the Switch, it's time for a new Nintendo console.

In 2024, Nintendo will launch its next generation of consoles, accompanied by a new 3D Mario game.

Having embraced a digital storefront with the Switch, Nintendo will let Switch users move Nintendo accounts over to the new console instead of forcing a clean slate on gamers who already own a Switch and want to port their libraries over to the new machine.
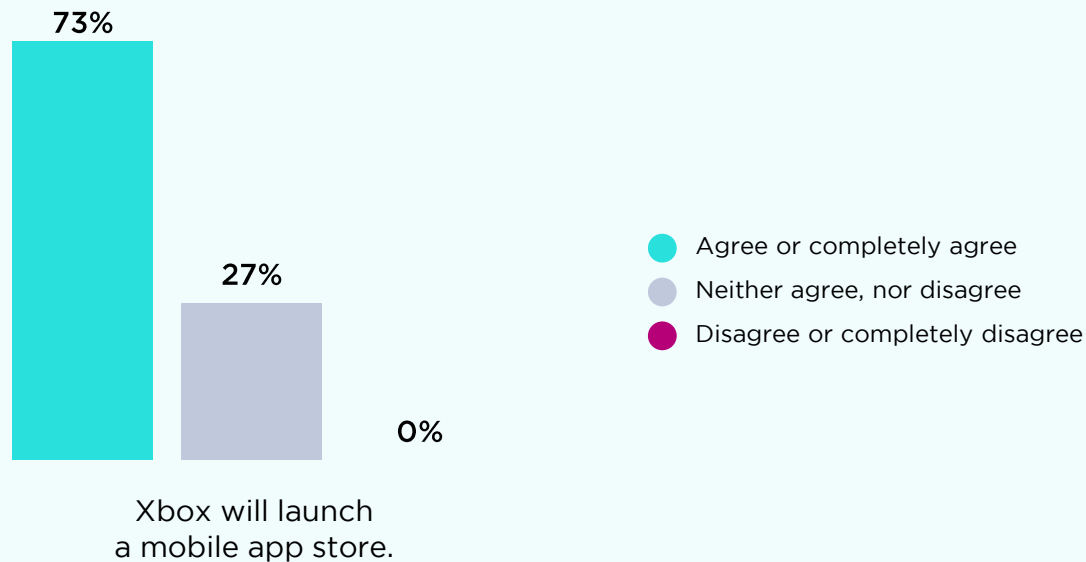
Track the performance of 1,000+ Nintendo Switch games

Discover how

Xbox will launch a mobile store on Android

What industry leaders think about this trend*

73%

27%

0%

Xbox will launch
a mobile app store.

● Agree or completely agree
● Neither agree, nor disagree
● Disagree or completely disagree

Newzoo analysts' perspective

Xbox will launch a mobile app store on Android in 2024, and it will come to Apple devices later.

Microsoft completed its $68.7 billion acquisition of Activision Blizzard in October, having already scooped up the mobile developer King in 2015. The computing giant has shown a strong (and growing) interest in launching an app store for Xbox gaming to go head-to-head with Apple and Google.
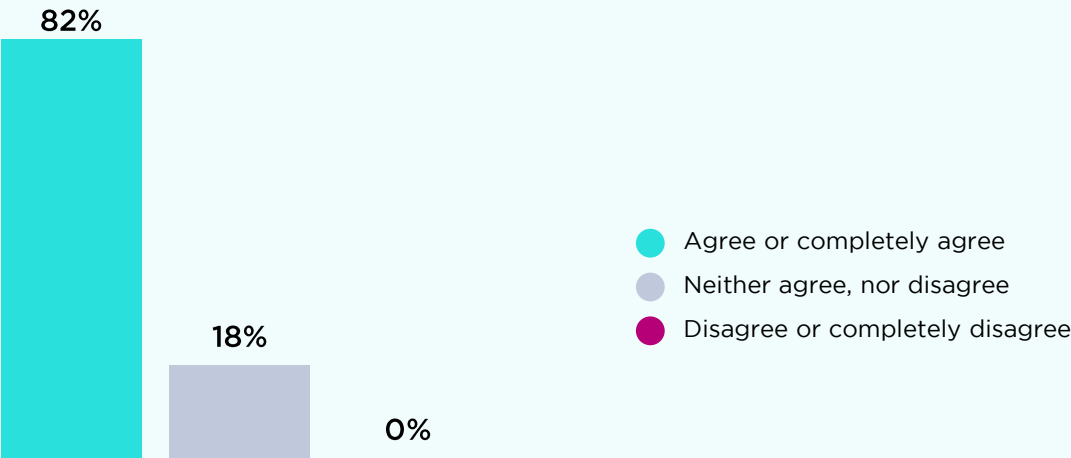
The timing is looking ideal. Regulators and ongoing legal battles are lowering the boundaries for competitive app stores to launch. Xbox now has access to a wealth of gaming IP, including *Candy Crush*, arguably the most popular mobile franchise of the last decade. Xbox will be eager to unlock the potential reach on mobile by combining its cloud gaming capabilities and game library through its Xbox Game Pass service.

That said, Apple's walled garden ecosystem will require further intervention before an Xbox app store can make it to the App Store. This will hinder a launch on both major app stores simultaneously.

Nostalgia will be a key driver for live-service games

What industry leaders think about this trend*

82%

18%

0%

● Agree or completely agree

● Neither agree, nor disagree

● Disagree or completely disagree

Games companies will focus more on live-service games.
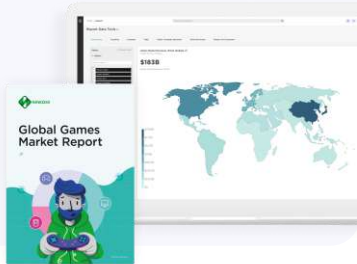
Newzoo analysts' perspective

Established live-service games will also have to reckon with similar challenges to titles yet to hit the market: to remain profitable, they have to (re)acquire players and retain players.

However, having been around for years, some of these games can now leverage nostalgia to their benefit, just as the remasters and remakes of premium games have done. Fortnite OG's successful launch and World of Warcraft Classic are prime examples of nostalgia powering engagement for live services, and we expect more of that to hit the market this year.

Of course, not all live-service titles are equal, and returning to their roots won't always pull players back into these games.

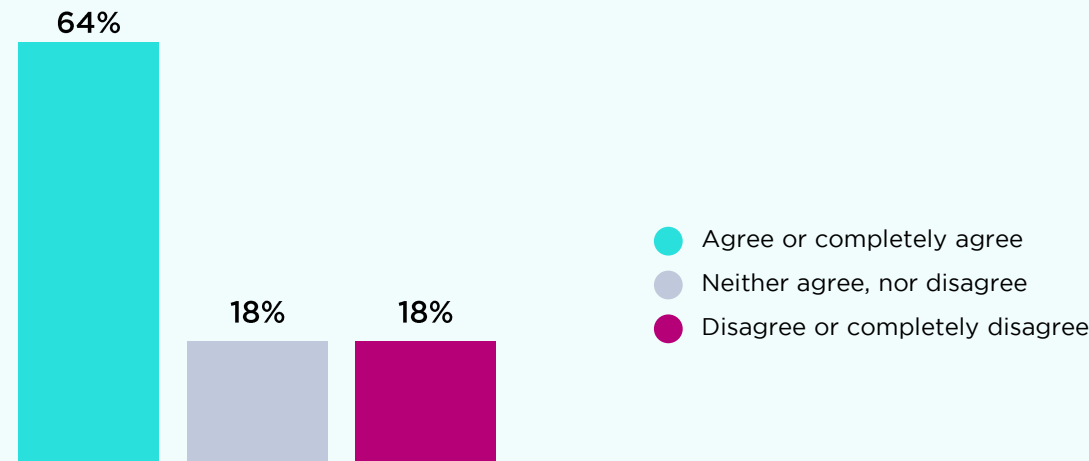Get engagement and revenue data for thousands of games

Discover how

Global Games Market Report

Generative AI will accelerate game production in a few ways

What industry leaders think about this trend*

64%

18%   18%

● Agree or completely agree

● Neither agree, nor disagree

● Disagree or completely disagree

Generative AI will see mainstream adoption in game development.

Newzoo analysts' perspective

Generative AI was one of the hot-button issues of 2023.

Many industry leaders lauded the technology as a potential cost-saving measure, especially as game development becomes more expensive and time-intensive. Developers and fans alike saw incredible potential in AI's ability to transform the experience of interacting with NPCs.

At the same time, many fans decried the use of generative AI in game development. Voice actors, spurred on by the groundbreaking Hollywood strikes, rallied against AI as well.

Amidst all the controversy, many studios are already using AI tools. The use of generative AI tools will continue to ramp up to improve efficiencies in the coming years. However, the technology won't significantly impact game production at scale in 2024. AI may be advancing at unprecedented speeds, but in 2024, most use cases will be selective and already proven.

Generative AI will accelerate game production in a few ways

"The rapid pace of change, from mixed reality to blockchain to artificial intelligence and more, has left many bewildered, questioning their relevance and direction. As leaders and innovators, it's our duty to help navigate this evolving landscape, guiding players and creators alike.

Our mission? To wield technology not merely as a diversion but as a catalyst for unleashing creativity, sharpening critical thinking, and forging robust communities. It's time to unite and equip our players to be more connected, imaginative, and ready for the real-world challenges and adventures that lie ahead.

Keisha Howard
Founder
Sugar Gamers

"Generative AI was one of 2023's hottest topics and fuelled many fantasies and fears. It's clear that it will change the video game industry, if not revolutionize it. Many companies already use these technologies to assist them in their work, but as usage develops and fades among users, many ethical, legal, and technical issues will arise. As well as new opportunities, with even more creativity and means given to communities. Expect even more quality games from small teams and more successful mods created by players.

Romain Bingler
Market Strategy Manager
Ubisoft

"We will see the launch of the first generation of games to really leverage breakthroughs in AI technology in 2024. Features like dynamic NPCs, personalized stories, enhanced opponents, and procedurally generated content will help build deeper and richer gameplay worlds.

If titles like Baldur's Gate III and Hogwarts Legacy have taught us anything, it is that deeply immersive and narrative experiences are far from dead. Properly leveraging the power of AI will help speed up the development of such titles.

Marc Regeur
Senior Director Business Development
Steer Studios, powered by Savvy Games Group

# Open-world Souls-like games will take the spotlight

Newzoo analysts' perspective

A barrage of open-world Soulslike games will arrive in 2024. Building on the massive success Elden Ring enjoyed in 2022, many studios will either release or tease their takes on the open-world Souls-like genre. Titles confirmed for release in 2024 include Another Crab's Treasure, Rise of the Ronin, Black Myth: Wukong, Enotria: The Last Song, and Flintlock: The Siege of Dawn.

The question on all our minds is whether Shadow of Erdtree, the Elden Ring expansion rumored to be twice as vast as any FromSoftware expansion, will drop in 2024.

Extraction shooters have also been blowing up since last year's boom. Extraction Royale is the next evolution of the Battle Royale genre. Escape from Tarkov, Hunt: Showdown, and Dark and Darker have demonstrated this subgenre's rising popularity.

Initially, some shooters tried to integrate this gameplay loop as a game mode in a larger title. Still, many of these attempts were largely unsuccessful as they didn't provide the depth gamers expected with this genre. We have seen many developers already working to build standalone Extraction titles, and many have already been announced. Some notable examples include Marathon, Arc Raiders, and Exoborne.
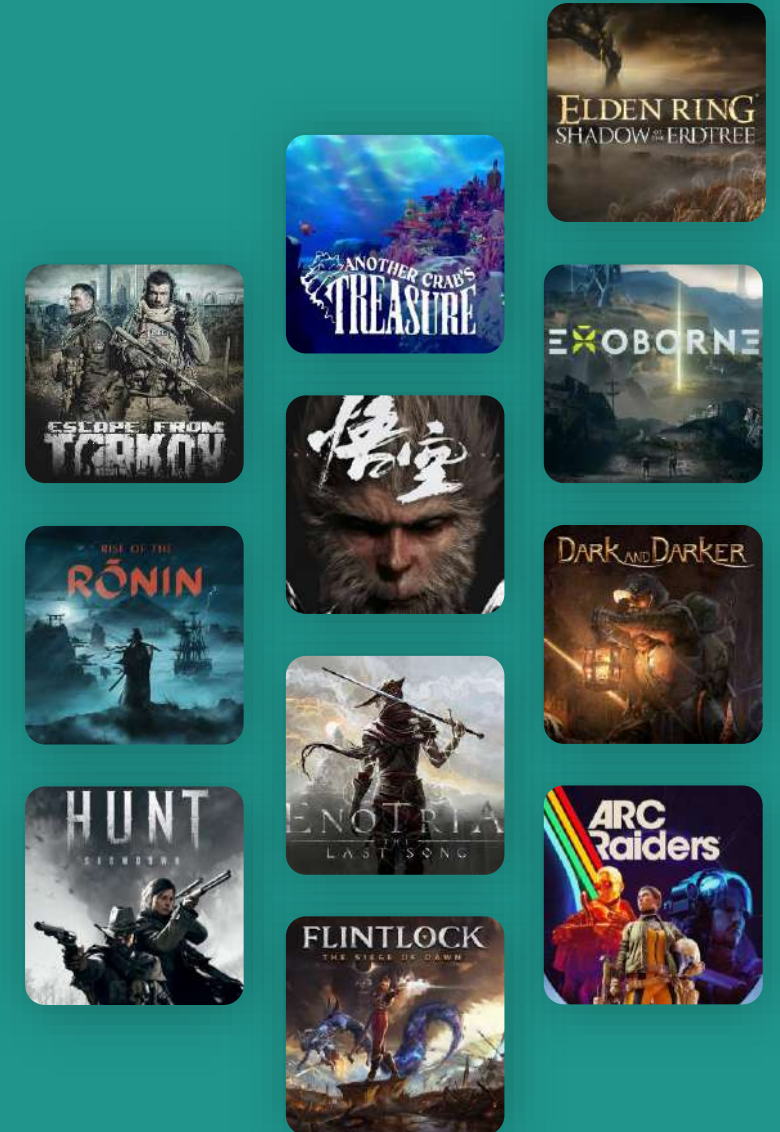
Key takeaways

You've equipped a better understanding of 2024's major games market trends. What now?

1 Look for the right growth opportunities

After a corrective period following the pandemic-fueled boom in engagement and spending, the market is solidly back on the path to growth.

However, growth isn't as much of a given as it's been in the past. There will likely be significant swings in success rates across different geographies, platforms, and business models.

Newzoo's games market data and custom insights will continue to be strong resources for defining and refining the right growth opportunities.

2 The oversaturation of live services will drive a development pivot to premium

Live-service games bring the promise of limitless spending per player, but the downside of the model is that it's costly to maintain, and engagement is a zero-sum game.

2023 has proven that there is (and we suspect always will be) a market for premium games that focus on finite experiences.

If there's anything the success of Hogwarts Legacy, Baldur's Gate 3, Marvel's Spider-Man 2, and so many more hit games of last year have shown, it's that a game doesn't *have* to be a live service to be a commercial success.

3 Cross-platform movements will mean more content on all platforms

Xbox is potentially moving to mobile, and many successful mobile developers are now eyeing expansion on PC (and console). This means that more content will be available on all platforms. Arguably, there's already too much content available for people to play.

Standing out with a new game is going to become even more difficult but not impossible.

But simply publishing on all platforms won't quite cut it. Finding the right audience, building and fostering a community, and then serving those players across platforms where and when they want to play are the keys to a successful multi-platform strategy.

Tracking trends is just scratching the surface

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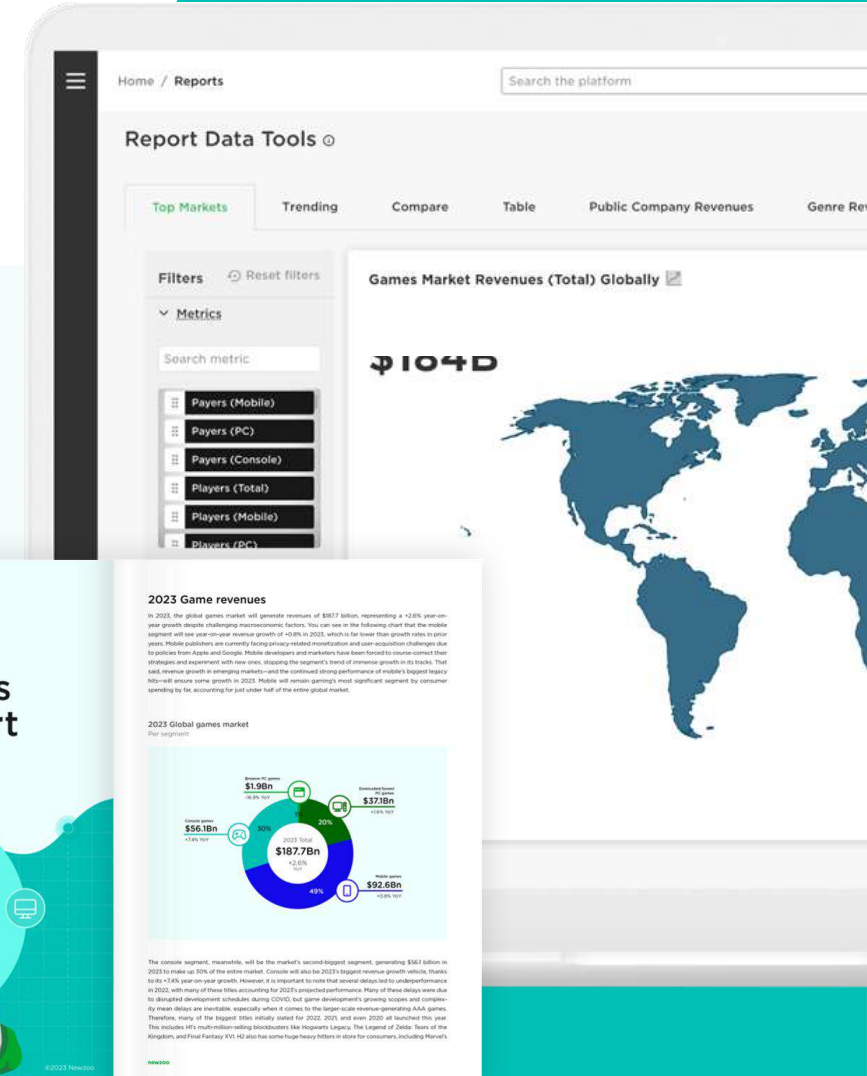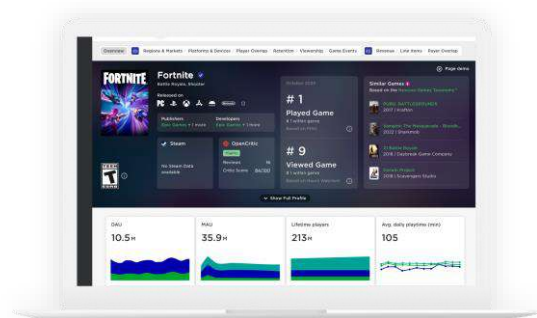
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" Newzoo's team not only gave valuable insights that were integral to the concept testing of our game, but they were also incredible partners who delivered above and beyond every step of the project we worked with them on.

The team and their work are fantastic, and we look forward to continuing our relationship with them.

bE HAVIOUR | **Jsajm 'Sam' Quino**
Senior Brand Manager at Behaviour Interactive

The leading data partner for the games market

PC and console data, gamer research, and consulting

[Let's talk]