STATE OF THE GAME INDUSTRY 2017

Presented by

GDC

GAME DEVELOPERS CONFERENCE

MOSCONE CENTER
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The Game Developers Conference polled more than 4,500 game developers who have attended a GDC event in the past three years to provide a snapshot of the games industry and illustrate industry trends ahead of GDC 2017. The report polled developers on topics relating to team size, VR, eSports, platform preference, funding options, and much more.

Significant trends revealed by the survey results include the HTC Vive's ascendancy to become the most popular VR/AR platform for devs, diminishing confidence in crowdfunding, and rising confidence in eSports as a long-term sustainable business.

The 2017 State of the Industry Survey is the fifth in an ongoing series of yearly reports that offer insight into the shape of the industry as a prelude to GDC. Organized by the UBM Game Network, GDC 2017 will take place February 27th through March 3rd at the Moscone Convention Center in San Francisco, California.

GDC is the world's largest professional game industry event where programmers, artists, producers, game designers, audio professionals, and business decision-makers gather to exchange ideas and shape the future of the industry. The Virtual Reality Developers Conference (VRDC) takes place alongside GDC covering VR and AR for games and entertainment.

UBM

MORE ABOUT SURVEY RESPONDENTS

Most survey respondents hail from North America or Europe

When asked which major region they reside in, 67 percent of respondents said North America, followed by 22 percent who said Europe. Pan-Asia accounted for 8 percent of respondents, 3 percent said South America was their home, and just 0.3 percent hailed from Africa.

20 percent of respondents identify as women

When asked which gender they identify with (if any), 78 percent of respondents said “Male” and 20 percent said “Female.” The remaining respondents either said “Neither” or said they preferred not to answer.

That ratio is slightly more equitable than last year, when 79 percent of attendees identified as male and 18 percent identified as female.

Most developers have been making games for 3-6 years

Based on survey results, 37 percent — the largest percentage of game developers polled — have been making games for 3-6 years. Seven-10 years was the next most popular timeframe with 17 percent of respondents, followed by the 13 percent of respondents who said they’d been in game development for just 1-2 years.

That’s just about exactly in line with the results of last year’s survey, which polled far fewer game makers and still returned the same 35/17/17 split between 3-6 years, 7-10 years and 1-2 years. This suggests the bulk of the game industry represented at GDC is made up of journeyman developers, experienced folks who have probably shipped a game or three but still could have long careers ahead of them.

Developers continue to make games primarily for the PC and mobile devices

2016 marked the commercial debut of several high-profile VR headsets, so it’s not surprising there was a big uptick year-over-year in the number of devs who said they’d shipped a VR game. But PC and mobile remain the most popular platforms by far; when asked which platform(s) they’d released their last game on, 45 percent of respondents said PC/Mac and 35 percent said smartphones/tablets. 19 percent said PlayStation 4/4 Pro, and 15 percent said Xbox One. 13 percent said their last completed game was released on VR headsets, a significant jump from the 6 percent that said so last year.

Which platform(s) are you *currently developing* games for? (Choose all that apply)

- Xbox 360 **3%**
- Xbox One **/ Scorpio 22%**
- PlayStation 3 **2%**
- PlayStation 4 **/ Pro 27%**
- PlayStation Portable **0.4%**
- PlayStation Vita **2%**
- Nintendo Wii **0.4%**
- Nintendo Wii U **2%**
- Nintendo 3DS **1%**
- Nintendo DS **0.2%**
- Nintendo Switch **3%**
- Smartphones / Tablets **38%**
- Android Microconsole **3%**
- Apple TV **4%**
- Apple Watch **0.8%**
- Web Browser **13%**
- PC / Mac (retail/downloadable) **53%**
- VR Headsets **24%**
- AR Headsets **5%**
- Linux 7%
- N/A Not involved in development **13%**

In terms of what platforms everyone is focusing on now, the breakdown is roughly similar: 53 percent of those surveyed said they're currently working on a game that will be released on PC/Mac, and 38 percent said their current project will see release on smartphones/tablets.

27 percent said PS4/4 Pro, 24 percent said VR headsets, and 22 percent said Xbox One.

That's roughly the same (in terms of order of interest) as the results of last year's survey, with one major change: the number of developers who say they're working on a VR game has increased significantly, outpacing the number of devs who say they're making games for the Xbox One.

Last year, 23 percent of respondents said they were currently making a game for Xbox One and just 16 percent said the game they were making was going to come to VR headsets.

Looking ahead, this pattern of interest seems likely to continue: 52 percent of respondents said they plan to release their next game on PC/Mac, and 34 percent said smartphones/tablets. 29 percent said PS4/4 Pro, and 23 percent said VR headsets. 22 percent, meanwhile, said they expected to release their next game on Xbox One or the revamped version of that console, currently codenamed Project Scorpio, which is expected to release next year.

Nintendo's new Switch console is also expected to debut this year, so it's interesting that 3 percent of respondents said they're currently working on a game that will release on Switch and 5 percent said they expect their next game will be released on Switch.

Android finally surpasses iOS in terms of mobile dev interest

For years now the GDC State of the Industry survey has been asking respondents which mobile platform they make games for, and iOS has always come out on top — until now.

This time around 54 percent of respondents said they're currently making a game for Android, while 51 percent said iOS. That's a small but significant shift from last year, when 56 percent said iOS and 55 percent said Android.

40 percent of respondents said they weren't making games for any mobile platforms right now.

Which smartphone platform(s) is/are your company currently making games for? (Choose all that apply)

Android **54%**

iOS **51%**

PlayStation Mobile **2%**

Windows Phone **6%**

None **40%**

Other **3%**

Most game makers are unsure about mid-cycle console refreshes (PS4 Pro/Project Scorpio), but more are positive than negative

When asked whether or not they thought the prospect of mid-cycle console refreshes (in the form of the more powerful PS4 Pro and "Project Scorpio" Xbox) were good for the game industry, 41 percent of survey respondents were undecided, 36 percent said they were neutral on the subject, and 18 percent said they thought it was a good thing for the industry. Just 5 percent said it was a negative development.

"CONSOLES HAVE BENEFITED FROM BEING FIXED PLATFORMS, SINGLE SPECS TO FOCUS ON. THIS MID-CYCLE 'REFRESH' BREAKS THAT BENEFIT"

"The consoles did need reinvigoration due to their low performing specs compared to what PCs were capable of at launch," wrote one respondent. "Although, I do not want the markets to be divided. I also do not want the eventuality of a yearly release of a new console as I believe this could damage the console market severely."

Has this mid-cycle console refresh (Xbox One Scorpio/PS4 Pro) been received positively, negatively, or neutrally at your studio?

Positively: We think this is a good thing for the industry. **18%**

Negatively: We're not sure this is the best thing for the console business right now. **5%**

Neutral: We are just OK with it. **36%**

N/A: We don't know, don't care, or aren't sure what to make of it. **41%**

"Consoles have benefited from being fixed platforms, single specs to focus on. This mid-cycle 'refresh' breaks that benefit," wrote another. "Developers will now either need to build two games, release a lowest common denominator on the more powerful platform, or release a compromised version on the lower-powered platform."

Game makers are feeling optimistic about Nintendo's new Switch console

Nintendo is expected to release its hybrid portable/home console, the Switch, this March, and the game makers we surveyed seem cautiously optimistic about the platform's chances.

When polled about whether or not they thought the Switch would outsell Nintendo's Wii U (which has an install base of roughly 13 million, worldwide) in its lifetime, 50 percent said yes, the Switch will outperform the Wii U. 14 percent predicted it wouldn't, and 37 percent admitted they had no idea.

"WHEN POLLED ABOUT WHETHER OR NOT THEY THOUGHT THE SWITCH WOULD OUTSELL NINTENDO'S WII U IN ITS LIFETIME, 50 PERCENT SAID YES"

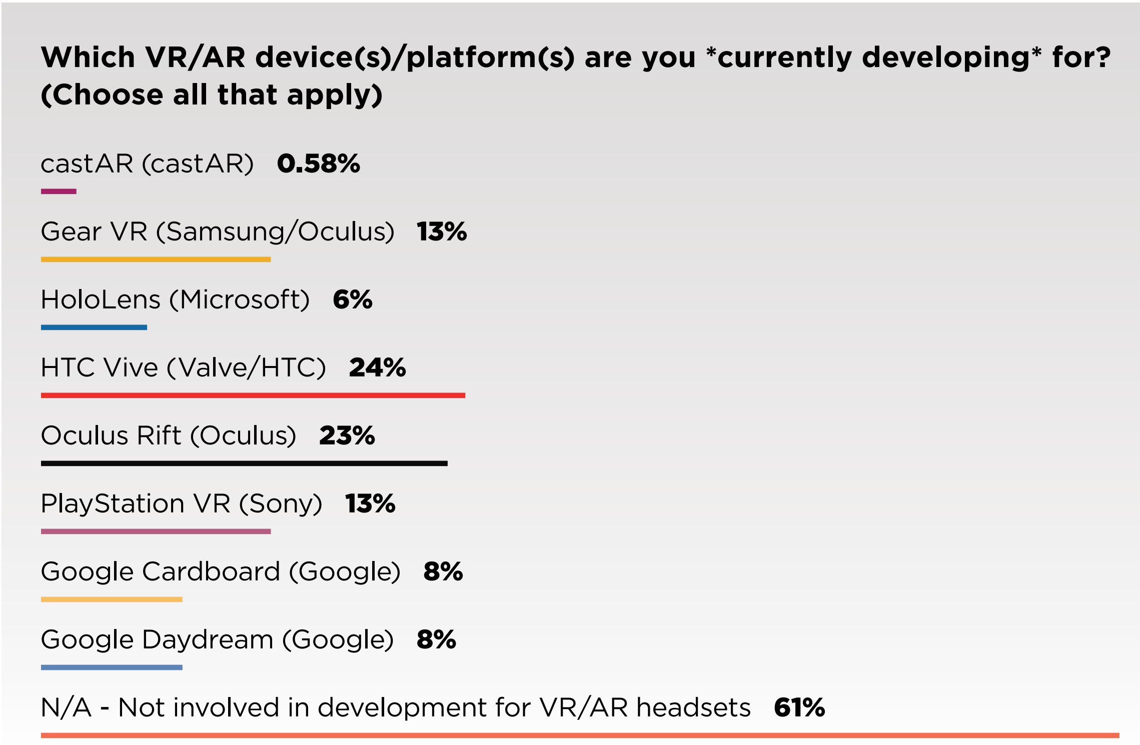
The Switch's ability to...switch between a portable mode and a docked home console mode is the console's core selling point, but survey respondents seem unsure about whether that feature will resonate with the public. 48 percent said they thought it might, but that it doesn't seem to be world-changing, while 19 percent said yes, the Switch is the right product for the right time.

11 percent figured people wouldn't be interested in the core premise of the Switch, and 23 percent said they didn't know how it would be received upon launch.

HTC Vive outpaces Oculus Rift to become most popular VR/AR platform among devs

The majority of those surveyed (61 percent) aren't currently involved in developing games for VR headsets, but those that are are focusing on HTC and Valve's Vive headset above any other platform. When asked which VR/AR platforms they were currently making games for, 24 percent of respondents said Vive, 23 percent said Oculus Rift and 13 percent said PlayStation VR.

That's a significant shift from last year, when 19 percent answered the same question with Oculus Rift, while the HTC Vive and PlayStation VR garnered 6 percent each.

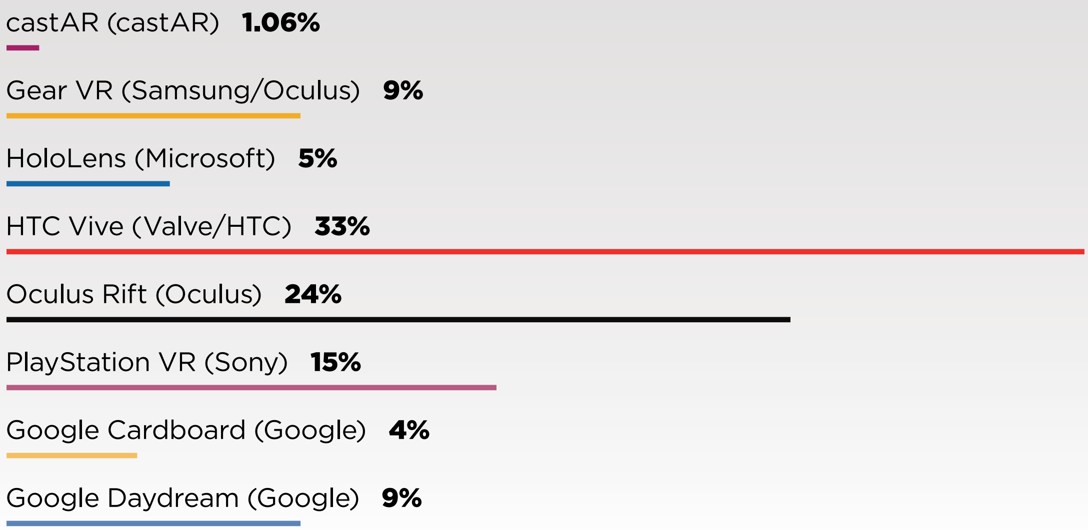


This was the year that all these headsets hit retail store shelves, so for the first time ever we asked State of the Industry survey respondents on what platform they shipped their last VR game on. Most (75 percent) said they hadn't been involved in shipping any VR game (yet), while 11 percent said they'd shipped their last VR game on the Oculus Rift. Ten percent said their last completed VR game was released for the HTC Vive, and 6 percent said Samsung's Gear VR headset.

Looking ahead, we asked those surveyed which VR/AR platforms they expected their next game (the one after the one they're working on now) would be released on. Here again, the HTC Vive won the greatest share of interest, with 40 percent of respondents saying they expected their next project would come to Vive.

37 percent said their next game would release on the Oculus Rift, and 26 percent said PlayStation VR.

Which VR/AR device/platform are you exclusively developing your *next* game for? (Select one)



1 in 10 game makers is working on a platform-exclusive VR/AR game, predominantly for the Vive

Of course, the conversation around platform exclusives (timed or otherwise) in the VR game industry has been heating up recently, so we thought it would be interesting to ask survey respondents whether their next VR/AR game was being developed exclusively for a single platform.

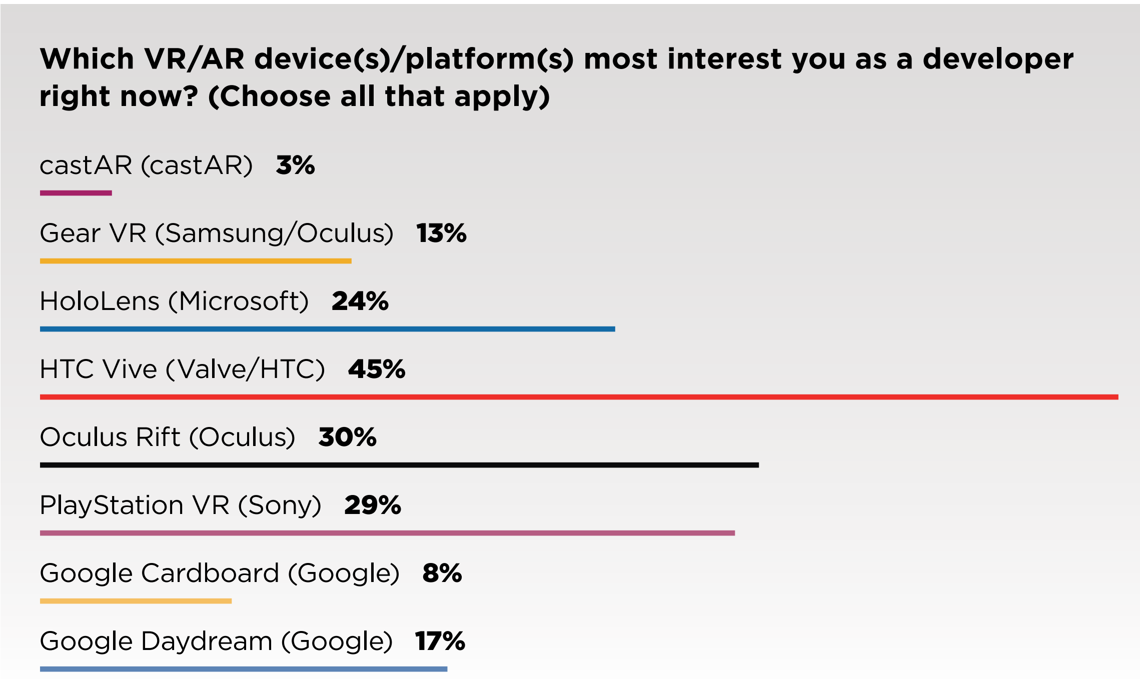
Half of respondents said they weren't involved in VR/AR game dev, while 39 percent said no, their next project would not be exclusive to a single VR/AR platform. 11 percent of survey respondents said yes, their next game would be exclusive to one VR/AR platform or device.

Thirty-three percent of survey respondents who said their next project would be a platform-exclusive VR/AR game said they were creating it for the HTC Vive, making it the most popular VR system for exclusives.

24 percent of respondents said their next game would be exclusive to the Oculus Rift, and 15 percent said their next project would be a PlayStation VR exclusive.

Vive is trumping other VR/AR platforms in terms of dev interest

We tried to gauge the general interest levels for each major VR/AR headset among our survey respondents, and the HTC Vive again won out: When asked to mark down the VR/AR platforms most interesting to them as developers, 45 percent marked Vive. 30 percent said Oculus Rift, and 29 percent marked PlayStation VR. Microsoft's HoloLens headset came in a close fourth, as it was marked by 24 percent of respondents.



When compared against last year's results for the same question, we again saw a shift away from Rift and towards the Vive. When we asked last year's survey respondents which VR/AR platforms most interested them, 40 percent said Oculus Rift; 26 percent said HTC Vive, and 26 percent said PlayStation VR. 25 percent said HoloLens.

Most devs continue to see VR, AR as a long-term sustainable business

Like last year, those surveyed continue to believe VR and AR is a long-term sustainable business. 75 percent said yes and 25 percent said no this time around, the same 75/25 percent yes/no split we saw when we asked the question last year.

“A concentrated focus on improving HMD functionality, unencumbering the user, and providing meaningful experiences is giving AR/VR a real shot at sticking around,” wrote in one respondent.

“At the moment, the hardware is still too expensive,” wrote another. “Software is only coming because of first-party funding; once that dries up, I am concerned that there won't be a large enough install base.”

"A CONCENTRATED FOCUS ON IMPROVING HMD FUNCTIONALITY, UNENCUMBERING THE USER, AND PROVIDING MEANINGFUL EXPERIENCES IS GIVING AR/VR A REAL SHOT AT STICKING AROUND"

Looking ahead, most devs think mobile VR/AR — and AR specifically — is the future

The lion’s share of devs think the VR/AR industry is trending towards mobile AR/VR — and just AR specifically.

When asked which would be the dominant immersive reality tech in five years, mobile vs. PC/Console VR/AR, 33 percent of respondents said mobile. 31 percent said PC/Console, and 17 percent said PC/Console and mobile VR/AR tech would be equally popular in five years’ time. Eight percent said neither would be important, and 12 percent admitted they didn’t know.

Looking ahead even further — 20 years, to be exact — we asked respondents whether they thought VR or AR would be the dominant immersive reality tech. 43 percent said AR, 21 percent figured VR and AR tech would be equally popular, and 19 percent predicted VR would prove more popular. 12 percent said they didn’t know, and 5 percent said neither VR nor AR would be important in 20 years.

Most devs get sick or unsettled in VR, but less than 10 percent are always uncomfortable in VR

We also thought it would be interesting to find out how our respondents handled the experience of being in VR, since it can sometimes be unsettling or nauseating. When asked how they experience discomfort and/or motion sickness in VR, 9 percent said during all VR experiences; 17 percent said never. 43 percent said they felt motion sick or discomforted during some VR experiences, and 31 percent said they only felt it very rarely.

Publishers are only involved with about a quarter of respondents' projects

Most of the game industry professionals we surveyed aren't working with publishers. When asked if they'd worked with a publisher on their last project, 54 percent said no, 25 percent said yes, and 21 percent said it wasn't an applicable question, either because they're not in a position to work with publishers or they themselves work as a publisher. These figures are well in line with survey respondents' responses to the same question last year.

When asked if they're currently working with a publisher, 56 percent said no, and 23 percent said yes. That is again almost exactly the same distribution of responses that we saw to the same question last year. Looking ahead, this year 34 percent of respondents say they plan to work with a publisher on their next project, while 44 percent do not. Again, there's very little change here from the same question last year, suggesting that the game industry at large operates outside the traditional developer/publisher relationship model.

Most of the game industry is still self-funding

There are lots of ways to fund game development these days, but it appears the most popular option is still self-financing — either out of your company's funds, or your own pocket. When asked to select the places their funding comes from, the majority of respondents (55 percent) said their company's existing funds. 29 percent said their own personal funds, and 15 percent said an external publisher. The next most popular response wasn't crowdfunding, or venture capital, but the wide-ranging "other", with 15 percent.

This is roughly the same breakdown as last year's responses to the same question, when 55 percent said company funds, 34 percent said personal funds, and 15 percent said an external publisher.

Interest in crowdfunding is slipping

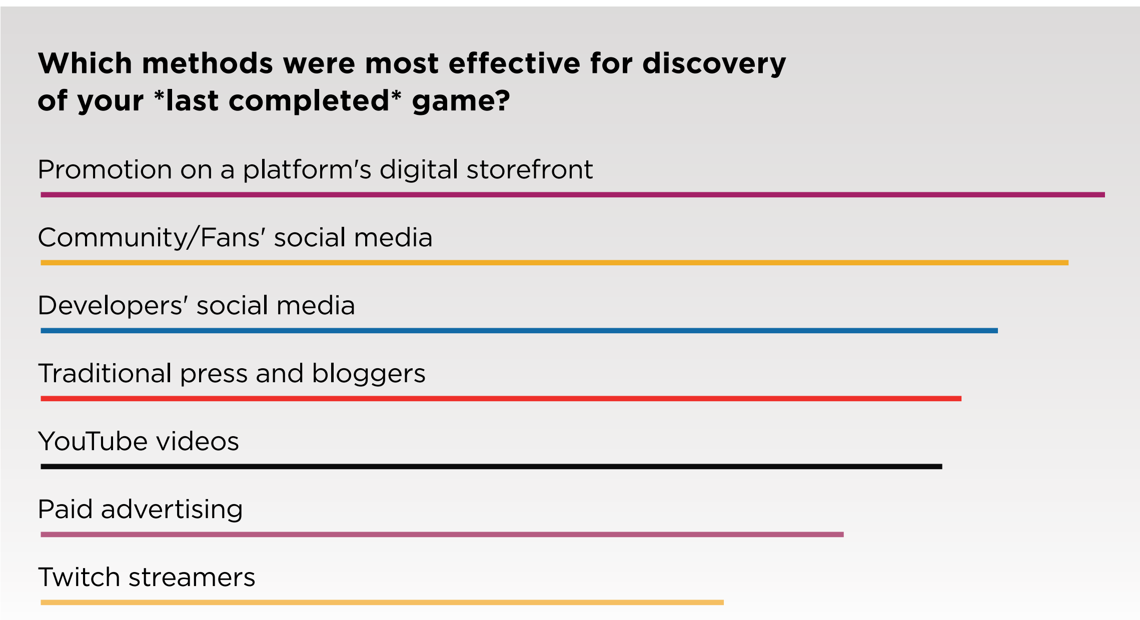
When asked to describe their experience with crowdfunding, the largest share of survey respondents (46 percent) said they had no interest in crowdfunding. 24 percent said they'd never tried crowdfunding but were planning to in the near future, and 15 percent said yes, they had worked on a crowdfunded project. 4 percent, meanwhile, said they had tried to crowdfund a project but failed to meet their funding goals.

That's roughly in line with last year's results, but with a small yet notable slip in crowdfunding interest. When we asked the same question a year ago, 40 percent of respondents said they had no interest in crowdfunding, 29 percent said they hadn't yet tried crowdfunding but were planning to, and 15 percent said they had worked on a crowdfunded project.

When it comes to the #1 way of promoting games, platform storefronts are still seen to be on top — and Twitch streamers are on the bottom

Survey respondents were asked to share (by ranking them) what promotional methods had been most effective in helping their last completed game get discovered, and promotion on a game platform's digital storefront (think: Steam, the PlayStation Store, etc.) proved most popular, with 19 percent of respondents rating it the #1 way. Twitch streamers proved the least popular choice for #1, with just 3 percent of respondents rating them the top way of raising awareness about their last game. This is about the same as last year's State of the Industry survey.

However, it's important to note that most respondents did not rate all methods, presumably because most of them haven't tried every method of game promotion. Here, then, is the order of average discoverability usefulness, from best to worst, factoring in the number of developers who used them:



We should also point out that the most popular answer for respondents to pass on was Twitch streamers. 45 percent of respondents marked that category "N/A", suggesting fewer developers had experience or success with Twitch than any other promotional method listed. This is well in line with last year, as is the preponderance of respondents marking storefront promotion the #1 means of raising awareness.

Confidence in eSports as a long-term, sustainable business is rising

We asked our respondents whether they thought eSports (games built to be played competitively at a professional level) was a sustainable business, long-term, and 90 percent said yes. That's a slight increase from last year, when 88 percent of respondents said yes to the same question.

"As long as you have a crowd that is big enough to support it, it will go well," wrote one respondent. "We can see that for many years the interest in eSports is growing. And with more acceptance for video games in social, it could probably go as well as football someday."

"As the generation that grew up with eSports matures, games will find a place somewhat like traditional sports," wrote another. "No longer being the weird outsider, but being an accepted part of what society is and 'always has been.'"

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