“IT’S NOT ALL UNICORNS AND RAINBOWS THOUGH, MORE LIKE SURVIVAL OF THE FITTEST IN AN INCREASINGLY SATURATED MARKETPLACE. EVERYONE’S FIGHTING FOR CONTROL OVER PLAYERS’ MINDS AND HEARTS. AND WITH PRODUCTION COSTS DECREASING, CREATIVITY, QUALITY AND DEPTH BECOME THE KEY FACTOR.”

—2015 IN REVIEW: TRENDS THAT SHAPED THE GAME INDUSTRY, WARGAMING.NET
GLOBAL GAMES MARKET WILL REACH $102.9 BILLION IN 2017

Games to grow from $90B in 2016 to $115B by 2020

Market research firm Newzoo revealed that it expects the global gaming market to be worth $99.6 billion in 2016.

That’s up 8.4 percent when compared to last year. It also expects 2016 to be the first year that mobile overtakes PC and console.
THE GAMES MARKET CHANGED DRAMATICALLY IN THE LAST 5 YEARS, WITH THE RISE OF MOBILE GROWING THE MARKET OVERALL AND CANNIBALIZING OTHER SECTOR

THE SECTOR IS GROWING FASTER AND GETTING MORE COMPETITIVE THAN BEFORE. THE MOBILE GAMES SECTOR IS RIGHT AT THE FOREFRONT OF THIS GROWTH AND THE TRANSFORMATION OF THE INDUSTRY

THE MARKETPLACE IS CROWDED AND CHANCES OF BUILDING A HIT GAME AND HOLDING IT ON THE TOP POSITIONS FOR MONTHS WITH AN INEXPERIENCED TEAM ARE CLOSE TO ZERO

THE NEXT 5 YEARS COULD SEE MOBILE GAMES GO FROM $35 BILLION IN 2016 TO $48 BILLION

DON’T FORGET!!
87% OF ALL CONSOLE GAMERS ALSO PLAY GAMES ON PC
VR games software (and to a lesser extent AR games software) could see a rapid rise from hundreds of millions in 2016 towards the $10 billion range by 2020.

eSports is another bright spot for growth.
2016 GLOBAL GAMES MARKET
PER REGION WITH YEAR-ON-YEAR GROWTH RATES

- **Europe, Middle East & Africa**
  - $23.5Bn
  - +7.3% YoY

- **Latin America**
  - $4.1Bn
  - +20.1% YoY

- **North America**
  - $25.4Bn
  - +4.1% YoY

- **Asia Pacific**
  - $46.6Bn
  - +10.7% YoY

- **China Total**
  - $24.4Bn

**2016 Total**
- $99.6Bn
- +5.5% YoY

In 2016, 58% of growth of the global games market comes from the Asia-Pacific region.

newzoo.com/globalreport/premium/
Asia became the dominant games region in recent years, with China, Japan, South Korea and the rest of Asia forecast to take over $4 of every $10 spent on all games software by 2020.

Games global market is largely dominated by Japanese, American and Chinese companies and is predominantly free-to-play.

Top grossing charts of 2015 you’ll see that those are dominated by products that:

1) Have elaborated free-to-play monetization to them,
2) Are constantly updated with new features and content
3) Operate both as games and social spaces. As the market has grown and matured, fewer and fewer amateur success stories happen.
The relationship between gamers and developers/publishers has shifted.

The level of player involvement in creation, streaming and sharing of gaming content has increased.

Companies put emphasis on creating entertainment value not just for gamers but also together with gamers.

Streaming services are on the rise and have become a force for publishers to use.

Companies have begun to truly evolve and embrace user-generated content. **Streamers freely market your game and tell people your game is great.**
VR technology is finally reaching a consumer-ready level. 2015 saw a few company’s showcase and release their first-generation VR sets (Samsung Gear VR, Cardboard, etc.). Excitement is expected to grow with Oculus Rift, OSVR and HTC Vive set to ship in 2016.

However, it will be a while before this immersive technology becomes mainstream (if it does) and the way to make money from it is clear. It may as well remain a niche.
Arguments from Dean Takahashi (game industry observer)

- VR will take off but not as fast as hype would suggest
- VR and AR will command much of the new investments in Gaming
- E-sport viewership will be on a path to rival the super bowl
- Sony will widen its lead again in consol
- Game companies will explores the possibilities of augmented reality but won’t cash in on it yet
- Nintendo will show its cards for its turnaround strategy (With super mario and Pokemon)
- Hardcore gaming gains ground on mobile devices
- Market such as Brazil and India will become more and more interesting especially for mobile gaming
- The traditional gaming media will lose ground to new ways of reaching consumers (YouTube, life stream site like Twitch recently acquired by Amazon for 970 millions)
### Top Grossing Titles by category

**Worldwide, ranked by October 2016 earnings**

<table>
<thead>
<tr>
<th>PC</th>
<th>CONSOLE</th>
<th>MOBILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>League of Legends</td>
<td>Battlefield 1</td>
</tr>
<tr>
<td>2</td>
<td>Crossfire</td>
<td>FIFA 17</td>
</tr>
<tr>
<td>3</td>
<td>World of Warcraft</td>
<td>Mafia III</td>
</tr>
<tr>
<td>4</td>
<td>Dungeon Fighter Online</td>
<td>Call of Duty: Black Ops III</td>
</tr>
<tr>
<td>5</td>
<td>Sid Meier’s Civilization VI</td>
<td>Grand Theft Auto V</td>
</tr>
<tr>
<td>6</td>
<td>Overwatch</td>
<td>NBA 2K17</td>
</tr>
<tr>
<td>7</td>
<td>Battlefield 1</td>
<td>Destiny</td>
</tr>
<tr>
<td>8</td>
<td>World of Tanks</td>
<td>Gears of War 4</td>
</tr>
<tr>
<td>9</td>
<td>DOTA 2</td>
<td>FIFA 16</td>
</tr>
<tr>
<td>10</td>
<td>Fantasy Westward Journey Online II</td>
<td>Star Wars Battlefront</td>
</tr>
</tbody>
</table>

Source: SuperData, Top retail games by total digital game sales, October 2016.
Genres

Owners per average game (in thousands)

- RPG
- Action
- Strategy
- Indie
- Sports
- Adventure
- Simulation
- Early Access
- Free-to-play

The average game player age is 35 years old.

AGE of Game Players
- 27% under 18 years
- 29% 18-35 years
- 18% 36-49 years
- 26% 50+ years

GENDER of Game Players
- 41% male
- 59% female

The most frequent FEMALE GAME PLAYER is on average 44 years old and the average MALE GAME PLAYER is 35 years old.
AAA - classification term used for games with the highest development budgets and levels of promotion

AAA game are games that are developed with a significantly large budget. The game generally reviews well, since the developers put a lot of emphasis in Gameplay, Presentation, Story, Graphics, and / or Online. Acceptable Audio etc.

The games generally are reviewed 8+/10 and averaging a score of 88+/100 on metacritic. The games generally are sold over 1 million copies.

AAA+ (95+) GTA, Uncharted 2, Mass Effect 2, Mario, Zelda, Skyrim

AAA (91 - 94) Halo, Gears, Little Big Planet, Batman, GT, Forza, God of War, Assassin's Creed

AAA- (88 - 90) Dead Space, New Super Mario Bros., COD, Super Smash Bros., Killzone, Battlefield
AA games

- **A Double A game (AA)** is a game that fail to reach the milestone previously set by AAA games. They generally have a lower budget than AAA games. They try to achieve the same level of game design as AAA games, but generally fall short in one or more areas such as Gameplay, Story, Graphics, Pacing, and underwhelming Set Pieces. The game goes on to score an average of 75 - 87 / 100 on metacritic and hovers just above those games that fall into dreaded "Yellow Ranking". The highest rated AA games are comparable to the lowest ranking AAA. They generally go on to sale 1+ million copies as well.

- **AA+ (85 - 87)** Borderlands, Crysis, Alan Wake, Bayonetta, inFamous, Left 4 Dead, Resistance,

- **AA (80 - 85)** Darksiders, Good Sports games, Clones of AAA games,

- **AA- (75 - 80)** Prototype, 2nd tier Sports games, Old franchises that didn't transition well
The A/B games are those poor games that had a great idea, but the development team just couldn't make everything work seamlessly together.

These are the games the land in the dreaded "Yellow Ranking" (74 and less), and while they can be good, they just don't get it. They need cultivating, and a group of leads to whip them into shape, so they can start producing AAA and AA games. Unfortunately these are the guys who are going to go under next generation.
Indie games
The hot topic for independent developers these days is the so-called “indiepocalypse”.

It’s the notion that indies are going to have an increasingly difficult time making a living now that mobile and Steam are both “flooded” with games.

Indiepocalypse posts tend to focus on 4 key ideas:

1) There is too much competition, especially now that so many games launch on Steam each week.
2) Various charts are showing bad things, such as revenue per game declining.
3) The App Store is a wasteland. Steam will now become a wasteland.
4) A few high profile indie games have had weaker-than-expected launches lately. Surely this means that the apocalypse is upon us?
Steam: Number of Indie Games Released Per Year

Size of Steam Market

<table>
<thead>
<tr>
<th></th>
<th>Copies</th>
<th>Revenue</th>
<th>Avg. Price</th>
<th>Avg. Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Games</td>
<td>344,729,435</td>
<td>$3,275,367,197</td>
<td>$9.41</td>
<td>27.87%</td>
</tr>
<tr>
<td>Indie Games</td>
<td>149,489,526</td>
<td>$1,085,778,462</td>
<td>$7.79</td>
<td>27.41%</td>
</tr>
</tbody>
</table>

- April 2015 – Jan 2016 (10 months)
- Sales over 1k / mo. only
- Paid games only
Jake Birkett  (Full Indie developer) survival tips :

- You are not special, nor is your game and you never ship a hit!

**Magic formula** for Game Dev Success :
- Make a good game
- PR + contacts
- *Magic*
Jake Birkett (Full Indie developer) survival tips:

- Reality is: making games is hard work,
- To be successful you need continuously making games for a long time.
- Anything can happen in a lifetime of game.

A casual hit:
- Small scope
- Resonated with audience
- Spent money on art and audio
- No mobile version
- Launched at a good time
A good pitch:
- Get a good business plan
- Research the market
- Research sales data
- Unique but familiar idea
- Working demo
- Risks and contingencies

Other fundings:
- Bank loans/overdraft = no chance
- Other indie businesses
- Personal savings
- Tax credits
- Crowdfunding (better is one good investor)
Holiday Bonus winter themed puzzle game.
Keep your game alive (after release)

Holiday Bonus Revenue 2006-2015
- Re-promote your game every year
- New Portals
- GOLD version (because everyone likes gold)

In the first year it only sold 1000 units.
That’s why it is essential to think your game “long tail”
Why is the market like this?

- Money isn’t the bottleneck for customers anymore, time is.
- Steam doesn’t have physical shelves = games don’t disappear. Game makers now competing with all games ever released on Steam.

**When to Begin Marketing Your Game?**

- Begin your marketing campaign the moment you have something that illustrates the fundamental mechanics and look of your game.
What Every Game Development Team Should Be Doing

- Launch your campaign months before your game's targeted release date
- **A website**: Whether your website acts as a home base for all of your games, or just the one you're currently working on, it needs to be updated frequently
- **A development blog**: While development blogs are less essential than a website and a strong social media presence, gamers and developers alike love to read about the personal struggles and triumphs associated with making a game.
- **Trailers**: This comes a bit later, but is probably one of the single most important things you can do to get people excited to play your game
• Create a website.
• Create an account and post regularly on Twitter.
• Post a YouTube video of your trailer.
• Contact a few game journalists who have shown prior interest in your type of game. (Remember, keep your emails short and personal.)
• Place it on Steam Greenlight (as long as it's not super-casual).
Project Funding Options

Many options exist, some more obvious than others. And some depend on where you might live in the world. As noted above, with most of these you are trading your future sales to get money now.

- **Day Job / Past Job:** Many developers moonlight as, well, developers. Or more likely, they are AAA by day and indie by night. Or, the day job is in an entirely different industry altogether. Point is, the regular paycheck (or past bonus checks, or severance package) is funding current development efforts.

- **Credit Cards:** Depending on the scale of the project, you can max out your credit card(s). Not advisable if you can help it.

- **Friends & Family:** Uncle Bert has a lot of money saved up, doesn’t he???

- **Festivals and Contest Prizes:** More and more events are popping up with cash prizes, the IGF being the most well-known festival, perhaps with Create Something Unreal the best known contest. These prizes are usually relatively small, but can certainly help (especially if your credit card is overdue).

- **Crowdfunding:** With the rise of Kickstarter and Indiegogo, going directly to your fans for funding is ever more viable. Added benefits of this approach is that the funds are both non-dilutive and you don’t have to share revenue (well except the cost of shipping out a thousand t-shirts). Added bonus: market validation of your IP is built into the process.

- **Publishers:** The original piggy bank for game developers, and still a viable option to getting your game funded.

- **Government Programs:** Countries the world over have different programs and incentives to support and foster game development in their region. Contrary to popular belief, very few such programs just hand over a bag of money, as the government is rarely the “first dollar” into a project. Many programs take the form of post-spend tax breaks/refunds, or grant oriented matching funds (e.g., you scrounge up 25% of the budget and proof of a distribution agreement, and they’ll provide the remaining 75% of the budget).