Beyond 2021:
Where does gaming go next?

North America gaming market and consumer research report

Google for Games / newzoo

Foreword

This report is part of a series where we cover the lasting impact of engagement and spending trends on games between February 2020 and June 2021. This report covers the North America region. The series is the result of research conducted by Newzoo commissioned by Google and contains a combination of market analysis, trend research, and consumer research.

The NA gaming region and audience

North American players use a diverse mix of platforms. Historically, NA is a very strong console market

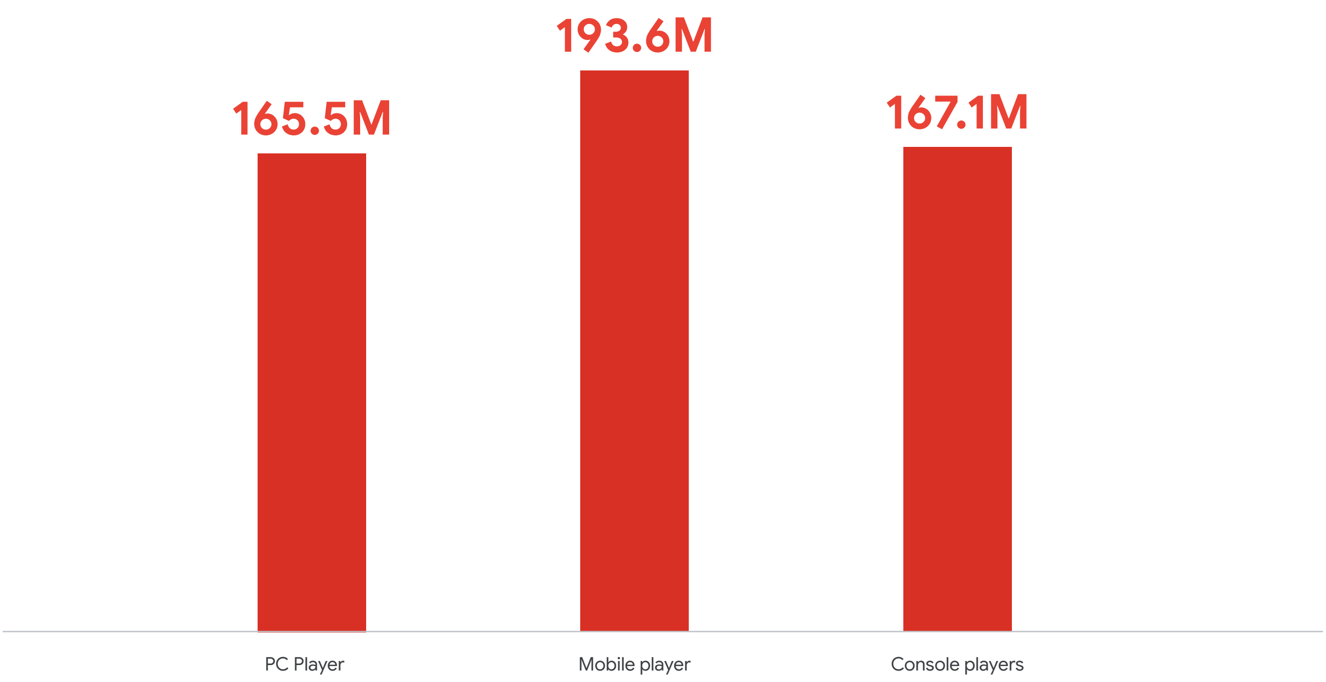
Like most of the world, gaming underwent a remarkable growth period in North America this past year. By the end of 2020, 210.6 million players had spent a combined $45.9 billion on games, a 27.1% increase year-on-year. Despite comprising just 7% of the global player population, in 2020 North American players accounted for 24% of global consumer spending on games.

North American players use a diverse mix of platforms. Historically, NA is a very strong console market. The United States remains the largest single market for spending on console games. North America was one of the first markets (after Asia) to experience a mobile gaming boom; mobile gaming generated $2.5 billion in consumer spending as far back as 2012, and the segment hasn't stopped growing since.

In 2021, 212.1 million North American players will spend a combined $42.6 billion on games. Mobile gaming enjoys the largest audience at 193.6 million, followed by 167.1 million console players and 165.5 million PC players (which includes browser-based games). The number of console and PC players has stayed relatively close to mobile, whereas in other regions it isn't uncommon for mobile players to double the numbers of PC or console players.

Mobile, console, and PC all have large and roughly similar shares of players. 83% of our North American respondents were veteran gamers who were already playing before 2020, the largest share of all the regions we surveyed. Another 13% were returning players – those who stopped playing at least once but

Fig.1 | Players per segment in North America - 2021



started again between February 2020 and May 2021 – and the remaining 4% were new players who started playing for the first time after February 2020.

Zooming in on the demographics of US players illustrates the market's maturity. Compared to other regions, the US has the most equal split between male and female players, each comprising roughly half of the player population (1% answered non-binary/other). The US player's average age of 39, however, is the highest across all regions.

Lockdowns had less impact on player growth in the US than it did in other regions, and spending growth largely came from veteran players who simply had more time and disposable income. But the average US consumer still spends 26% of his or her entertainment budget on gaming – a higher percentage than anywhere else in the world.

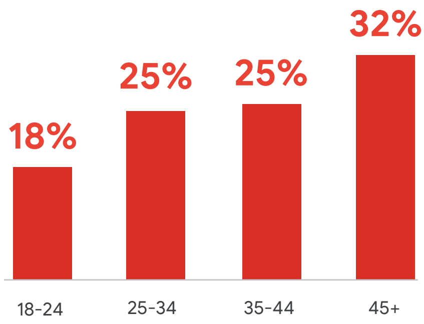
It might seem the North American gaming community offers fewer opportunities for developers to explore, that isn't true; it simply means NA gamers are less likely to change how they play, so developers should look elsewhere for opportunities. We'll start with trends that developed during the pandemic period between February 2020 and May 2021, followed by existing trends that accelerated during that period, and end on those that slowed down. We hope finally to synthesize the insights that developers might want to prioritize in the years to come.

Fig.2 | US gamer demographic

Male	Female
51%	**49%**

Age (average 38.6)

14.7 h (average played hours per week)

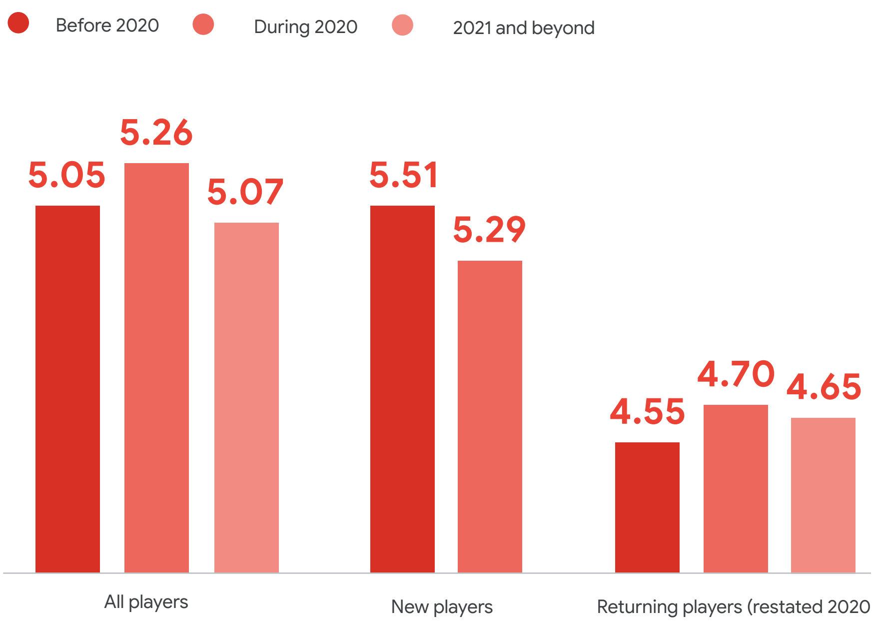


4% New player since 2020 (base:41)

13% Returning players since 2020 (base:141)

83% Played before 2020 (base:866)

Fig.3 | Importance of video games rated by North American players (mean scores out of 7)



Change expected, since start of 2020

+0.4%	-0.4%	+2.2%
	During 2020 to 2021	

Three themes that will shape North America

Theme 1: Games as social platforms for shared digital experiences

Perhaps the most significant change that emerged during this period was a reimagining of gamers' very purpose for playing. Using games to socialize with friends and family became a gaming purpose alongside, and perhaps surpassing, established themes like playing for entertainment or competition or to experience new storylines and worlds. Already, 43% of gamers report using game worlds to socialize, and games that cater to this emerging social need, including breakout hits Animal Crossing: New Horizons and Among Us, were among 2020's most successful titles. What's more, North American players now use game-related social platforms like YouTube or Discord as much as they use non-gaming voice chat apps. And our respondents say that the time they spend socializing in-game even without playing is likely to increase in the months and years to come.

Successful game developers are already well aware of this trend. The aforementioned games actually weren't designed to capitalize on the social gaming trend, but that's why they were embraced by the gaming community. Other multiplayer games have jumped in to offer similar shared experiences that promote player loyalty.

The most notable current example is Fortnite by Epic Games, whose in-game Astronomical concert featuring Travis Scott attracted nearly 28 million unique players who collectively attended

Fig.4 | Current and future social platform usage, plus future expected growth rate

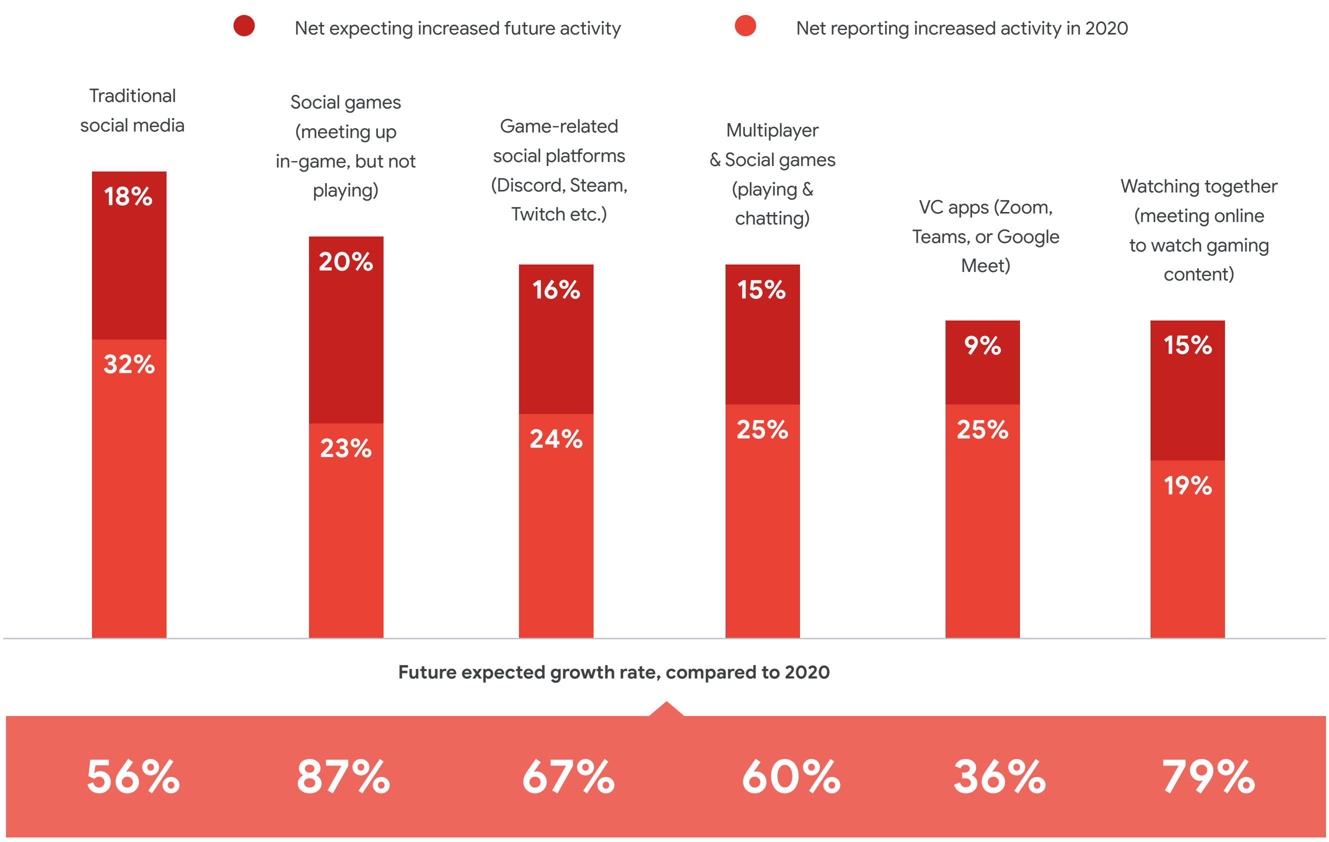


Fig.5 | Top 10 in-game concerts by live hours watched on YouTube and Twitch

Ranking	Event	Game	Data	Artists	Live hours watched Twitch & Youtube	VoD Youtube views
1.	Astronomical	FORTNITE	4/23/20 | 4/25/20	TRAVIS SCOTT	16.2M	181M
2.	Party Royale Premiere	FORTNITE	5/9/20 | 5/8/20	DILLON FRANCIS	11.9 M	3M
3.	Llama-Rama Kaskade	FORTNITE	3/26/21 | 3/27/21	KASKADE	6.3M	376M
4.	Lavapalooza	MINECRAFT	8/14/20 | 8/15/20	Several Artists	6.6M	147M
5.	Marshmello	FORTNITE	2/2/19	MARSHMELLO	5.6M	73K
6.	Diplo Presents: Thomas Wesley	FORTNITE	25/6/20	DIPLO	4.33M	8.3K
7.	Dominic Fike	FORTNITE	9/12/20	DF	3.14M	59K
8.	Square Garden Festival	MINECRAFT	4/28/20	Several Artists	2.87M	97K
9.	Nether Meant Festival	MINECRAFT	6/26/20 | 6/28/20	Several Artists	2.5M	18K
10.	Lil Nas X	ROBLOX	11/14/20 | 11/15/20	LILNASX	1.M	22M

the event nearly 46 million times. Seeing this success, in May 2020 Epic launched the Party Royale mode, "an experimental and evolving space in Fortnite" where players can "leave [...] weapons and mats behind and hang out with friends, play games and enjoy live entertainment." Developers behind some of North America's most successful multiplayer games, including Minecraft and ROBLOX, quickly began hosted cultural events in their own worlds.

These events' player count and viewership includes more than just North American audiences, but our research shows that the appetite for using gaming worlds to socialize is higher in North America than anywhere else in the world. This enthusiasm is driven in part by the expected growth in consumption of live streaming content, along with the numerous other possibilities for social experiences within games.

It certainly isn't feasible for all developers to pursue events on the scale of Fortnite's Astronomical. Nonetheless, it's important to recognize that gaming has evolved into an all-encompassing experience that includes playing, viewing, and community engagement. And this trend seems only likely to grow more prevalent; our survey's Gen Z respondents were more likely to say that creative expression motivates them to play never-ending user-generated-content (UGC)-driven platforms like Minecraft, ROBLOX, and Zepeto. UGC, it seems, means always having something new to do.

Nonetheless, it's important to recognize that gaming has evolved into an all-encompassing experience that includes playing, viewing, and community engagement

Call to action for developers

North American gaming growth is more likely to come from social and community activity than actual gameplay. Game developers and publishers should begin now to design for socialized gaming experiences by

- emphasizing shared gameplay
- creating and fostering a shared community, preferably on an established platform like YouTube, Twitch and/or Discord
- organizing events where players can share viewing and other experiences
- integrating social media and streaming platforms.

Theme 2: Live-streaming and esports accelerate this year and beyond

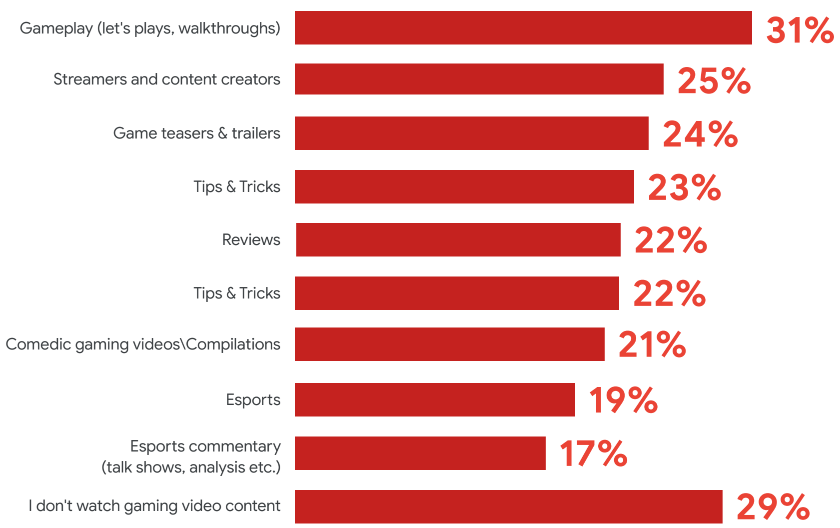
Globally, watching esports and other live streamed game content is core to the gaming enthusiast. However, North America's gaming habits meant that up to and including most of 2020, consumption of live streamed game content was relatively low compared to other regions. esports enthusiasts – those who watch esports or professional gaming content at least once per month – are a disproportionately smaller audience in North America; the region is home to almost 8% of the world's player population but only 4% of the world's esports enthusiasts.

Our research did find that 71% of respondents watch live streamed game content. They watched gameplay content most often (31%), followed by esports competitions (19%) and esports-related content (17%). This comprises the lowest rate of esports content consumption rate of all regions we reviewed. We also found that older players are less likely to watch live streamed game content, with the average age of North American viewers being almost 39.

Looking to the future, though, we also found that the female audience for live streamers and video content creators grew sharply during the pandemic; while male North American viewers outnumber female viewers by almost 2 to 1, the audience for live streamed NA game content is 43% female. Developers and creators should keep that mixed audience in mind when creating their content.

Another interesting insight to keep in mind: our survey found that after friends and peers, online video channels are the second-most trusted source for game discovery, especially among younger players. And, perhaps most intriguingly, consumption of live streamed game content is accelerating. In 2021, we expect the live-streaming audience in North America to grow to 91.5 million, which represents almost 13% of the global audience. Our expectations for future enthusiasm live streamers, content creators, and esports is very positive – 39% of respondents expect to watch more game-related content in the future. In fact, their consumption of both types of live streamed game content already grew over 40% in 2020. The expected growth rate for these new content types is almost continuous since the pandemic began in February 2020, and we expect almost no dip in the post-COVID-19 period.

Fig.6 | Types of gaming content watched



Call to action for developers

As gaming worlds become social destinations and the experience becomes broader than just playing a game, so too will consumption of live streamed game content. Whether it's watching professionals duke it out on the biggest stages or hanging out in the chat of favorite streamers, viewing is an inherent part of the gaming experience and North American audiences are a growing portion of the global market.

It's no surprise that games that are fun to play and also fun to watch do so well; would Apex Legends have become such a hit if it wasn't for the live streaming community? Would Valheim have gotten the same attention if it wasn't for big streamers picking up the game? It's hard to say definitively, but the answer is most likely no.

Viewing mobile games may not be as popular as PC or console game content is now, but we already see that Eastern audiences are as enthusiastic about mobile game viewing as they are about PC games. If the evolution of mobile game viewing follows that of PC and console games, mobile games may dominate the lists of most-watched games within a few years. Mobile developers that prepare for this now will stay ahead of the curve.

Theme 3: Mobile offers opportunities to expand and innovate

Thanks to the widespread use of smartphones and mobile gaming's dominant free-to-play model, mobile is already the largest gaming platform in North America: 193.6 million players will play mobile games in the region in 2021. In our research, 68% of respondents play on mobile, and 81% of that group say it's their most-used platform.

Mobile gaming is a mature market in North America in terms of audience size, but there's still an expected increase in spend; 17% of mobile players expect their monthly spending on mobile games to increase in 2021 and beyond - about the same expected percentage that PC and console players report for their own spending on their respective platforms.

Likewise, we forecast consumer spending on mobile games in North America to grow at a +8.6% CAGR between 2019 and 2024 to $19.4 billion.

What's most interesting is where this spending growth is coming from. The answer isn't from audience growth. Nearly all North American gamers already play on mobile, and the online population isn't expected to grow much as we move towards 2024.

Fig.7 | Platform usages of North American players, including preferred platform

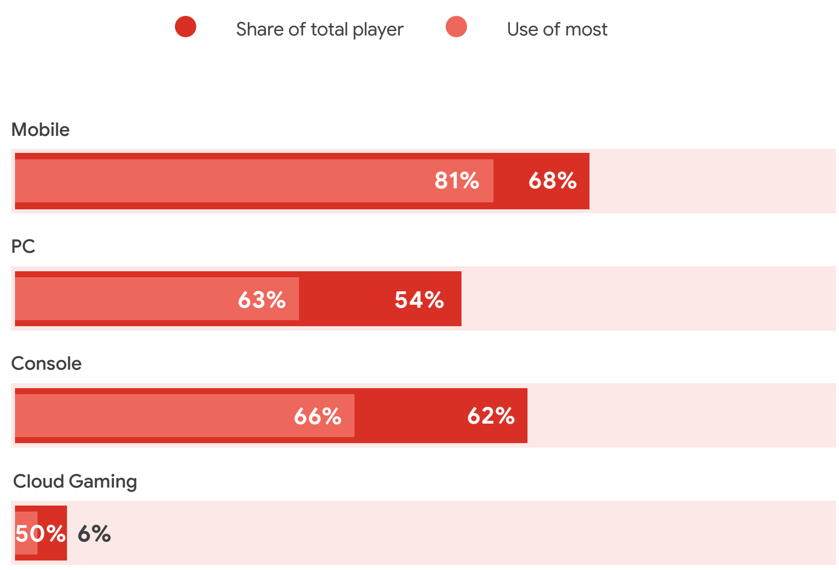
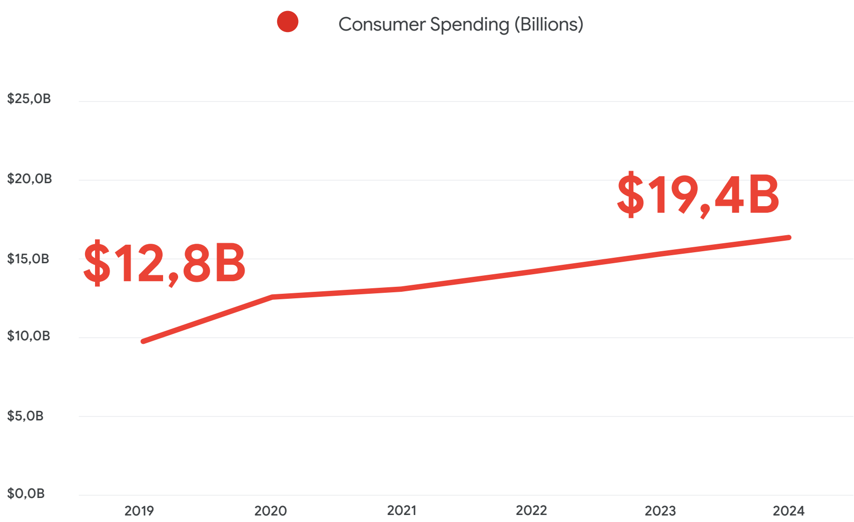


Fig. 8 | Spending on mobile gamers 2019-2024



Growing the pie by increasing the total mobile audience isn't likely. Towards 2024, mobile players will grow at a CAGR of just +0.8% to 199 million.

Engagement with mobile games is likely to plateau as well. Just 12% of mobile players in our survey expected their activity to increase in 2021 and beyond – far below the expected increase in activity for other platforms.

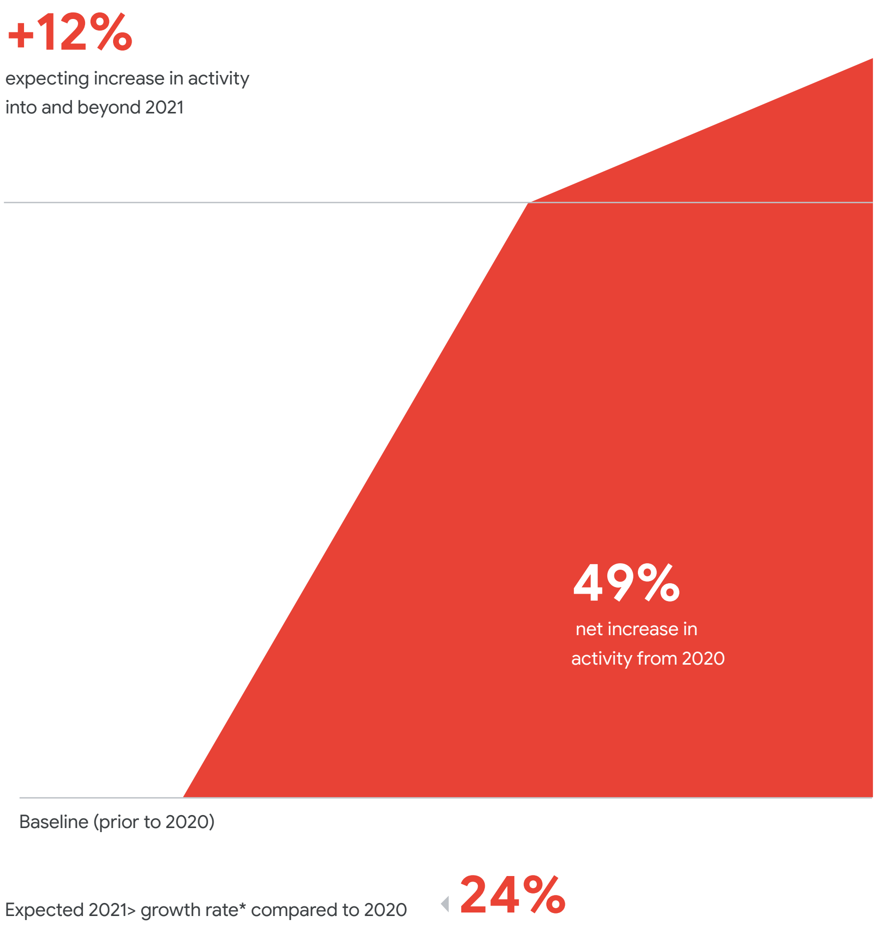
What's more, players who returned to gaming during the pandemic are much more likely to churn on mobile; the net proportion of returning players predicting an increase in mobile play in 2021 is +3%, much lower than the +48% of mobile players who reported an increase in 2020.

What to take away from all this? Mobile game developers can't rely on audience growth to maintain their growth rates. Mobile games' high penetration rate in North America means developers may be better served by focusing on keeping current players engaged and preventing churn (for example, by adding the social elements we discussed earlier).

Mobile developers and publishers can also look to innovations in monetization like subscription services and opportunities for cross-play to grow their North American audience and revenue. Paying for subscriptions, season passes, or other types of membership is already NA players' second-highest spending category; players also indicate they're willing

Mobile developers and publishers can also look to innovations in monetization like subscription services and opportunities for cross-play to grow their North American audience and revenue

Fig.9 | NA Mobile player increase in play time and expected future behavior



to spend for ad-free experiences in mobile games. Combining subscriptions and passes with an ad-free experience can increase revenue without necessarily needing to grow the audience. And rewarding continued engagement through an in-game subscription that unlocks rewards through play (often referred to as a battle pass or season pass) can grow both engagement and revenues.

Over the past months, successful PC and console publishers have looked to reach the world's 2.8 billion mobile gaming players. Similarly, mobile developers can capitalize on North America's diverse preferences for gaming platforms to expand beyond the mobile audience. For example, Gameloft's Asphalt franchise is launching on Xbox consoles after dominating the racing genre on mobile. In our research, more than half of North American players play on multiple, if not all three platforms. Furthermore, increased activity during 2020 was roughly equal across PC, mobile, and console gaming, but we expect more growth in PC and console. Notably, the mobile audience is embracing other gaming platforms where the audience still has room to grow.

Combining subscriptions and passes with an ad-free experience can increase revenue without necessarily needing to grow the audience

The +27.1% growth in consumer spending recorded in North America at the end of 2020 was a record that's unlikely to be replicated anytime soon. The pandemic's influence on gaming engagement and spending in 2020 was positive, but the lockdowns also had downsides: game production processes were put on hold or had to be adapted for remote work and manufacturing process disruptions caused supply shortages of consoles and PC parts.

The result of these pandemic-era problems is fewer games launching in 2021, as workflows were impacted across teams and companies of all sizes, developing for all platform types.

Notably, the mobile audience is embracing other gaming platforms where the audience still has room to grow

Yet the heaviest impact has been for games with high production values and larger development teams. Typically, this means studios creating AAA titles for console and, to a lesser extent, PC.

Yet our consumer research tells us that players across all platforms don't actually intend to play less in the future. In fact, both new and returning players expect to keep playing PC and console games - the latter group at a slightly lower intensity than during the pandemic. The sunk cost for PC and console games plays a role: unlike mobile gaming, new players must invest in specialized hardware before they can enjoy these games.

Mobile developers can still profit by remembering that the decline in spending derives from a lack of new content and access to new hardware, not a lack of willingness to spend. MiHoYo's Genshin Impact has shown that mobile games with high production values can succeed on console and PC, and these cross-platform-friendly titles might be just the type of games North American console enthusiasts are waiting to get their hands on.

Call to action for developers

Mobile gaming is growing in North America, but it isn't driven by audience growth. Instead, developers should focus on retention and monetization. The social tools described in the first theme are tools to improve retention, but the diversity of monetization options offer an additional way to grow the pie. Options to improve monetization and retention include:

- Offering in-game subscriptions that unlock rewards through more play
- Including an ad-free experience in that subscription
- Offering a premium, ad-free experience through a platform subscription
- Offering their mobile game on additional (non-mobile) platforms such as cloud, PC, and console

As the boundaries between platforms continue to crumble over time, developers across platforms must consider how they'll reach their fans wherever and whenever is most convenient to them. One answer is making titles as convenient and accessible as possible, to give players the opportunity to experience their games as they want them, when they want them. This means publishing on multiple platforms, including non mobile platforms. Potentially, this also means joining a subscription service.

Final thoughts

Gaming activity in North America saw impressive growth during the pandemic period of February 2020 to May 2021. Activity increased across all platforms and future activity is expected to grow consistently across all platforms. However, as an established market with a plateauing player count and significant overlap between platforms, there's limited room for traditional ways to grow.

In this report, we laid out three ways that mobile developers for in North America can grow, in 2021 and beyond. Two opportunities speak to the way social activities like watching live streamed content, cheering for esports teams, and sharing experiences in virtual worlds will become as important as gameplay itself. These opportunities are retention tools that even work for the influx of new and returning players.

The third theme focuses on innovative monetization, which is how the mobile gaming opportunity in North America can keep growing even if the audience for mobile gaming does not. Herein, the opportunity lies in the promise of cross-play, where developers can publish on multiple platforms, especially now that console and PC's regular content calendar has been disrupted due to the pandemic's impact on game development.

Additionally, there is an opportunity in using multiple distribution methods. Free-to-play, premium, in-game subscriptions, and platform subscriptions all offer way to increase monetization, reward engagement, and most importantly, allow players to experience and spend on their favorite games in the way they are most comfortable with.

Country profile

U.S.

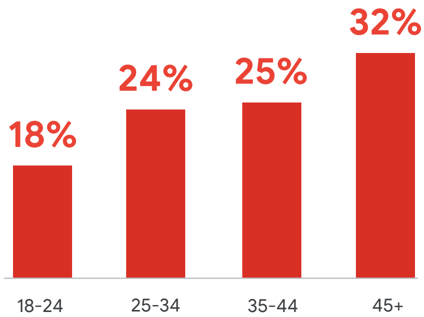
In the U.S., engagement is up across all segments. Its gamer population is numerous and demographically diverse, making the U.S viable for brand targeting

The average age of gamers in the U.S. is 38.6, with just under half of respondents falling under the 25-44 age bracket and 32 % falling in the 45+ group. Gamer numbers are high in the U.S. and the group is demographically diverse, making it a viable market for brand targeting. Meanwhile, roughly 49% of gamers in the U.S. are women, which reflects the global average. Compared to other markets covered in this analysis, increases in playing activity in the U.S. from 2020 are positive and reasonably consistent across all platforms. The same is true of expected growth post-COVID-19, signifying a solid long-term opportunity for game publishers active in the highly populated and engaged market. Cloud gaming will see the most growth, both in terms of its net increase from the start of 2020 (+57%) and its expected net increase into and beyond 2021 (+30%), making the U.S. an opportunity market for cloud, especially as incoming 5G innovations will empower cloud gaming on mobile. Watching gaming content is—relatively speaking—less common in the U.S. than in other markets. Still, esports and game-related video content is prevalent and growing

Male	Female
51%	**49%**

Age (average 38.6)

14.7 h (average played hours per week)



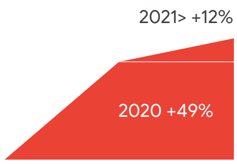
4% New player since 2020 (base: 41)

13% Returning players since 2020 (base: 141)

83% Played before 2020 (base: 866)

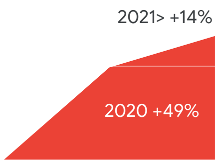
Engagement KPIs

Charts show players who report/expect to play more MINUS players who report/expect to play less



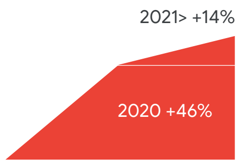
2021 Growth <> 2020: 24%

Mobile



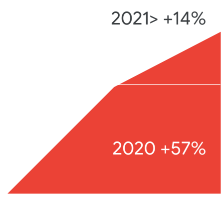
2021 Growth <> 2020: 33%

Console



2021 Growth <> 2020: 30%

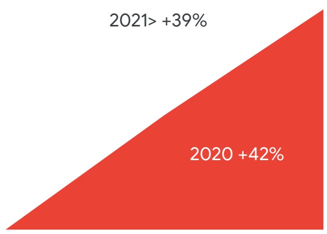
PC



2021 Growth <> 2020: 53%

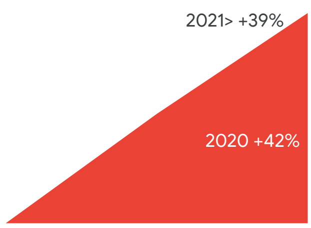
Cloud

Watching streamers



2021 Growth <> 2020: 93%

Watching Esports



2021 Growth <> 2020: 93%

Definitions

2020 = Net % increase in activity from the start of 2020*

2021> = Net % expecting increase in activity into and beyond 2021 2021 Growth <> 2020 = rate of expected growth compared to 2020**

Notes/ questions: * Players reporting an increases, minus those reporting a decrease (note: 2020 figure counts all new players as an increase). ** The projected future net increase divided by 2020's net increase. A12: Since the start of 2020, have you been playing/ watching more, less, or about the same amount, compared to before? (all respondents playing/ watching). F3: How if at all, do you think this might change, once things stabilize, after COVID-19? (all respondents playing / watching)

Methodology

This is a research commissioned by Google to Newzoo. It is based on Newzoo's games market sizing and forecast. At the highest level, Newzoo focuses on three key metrics for every market: players, paying gamers, and revenues AKA consumer spending. Newzoo defines a market as a country or geographic region in combination with one or more game segment(s), e.g. PC, console, or mobile. The data on players and payers is mainly based on Newzoo's proprietary consumer research survey, which runs annually between January and April in 33 markets. Revenue data comes from Newzoo's predictive games market model, which uses a top-down approach to market sizing. Newzoo incorporates macroeconomic and census data from the IMF and UN, such as household income and GDP per capita, transactional and app store revenue data from Newzoo's data partners, primary consumer research, partner data, detailed financial information reported by more than 100 public companies, and third-party research. Newzoo also receives valuable input from clients, often leading international game companies.

The results presented in this report were sourced via an online survey, designed and conducted by Newzoo in April and May 2021 among 1,048 respondents in the US, which we consider representative for the larger North American region. Quotas were set to ensure a nationally representative sample of gamers. Respondents were 18 to 65 years old and were current players of video games (any platform).